

GOVERNMENT THAT WORKS!
NEW JERSEY DEPARTMENT OF THE TREASURY
LOCAL GOVERNMENT BUDGET REVIEW
MONTVILLE TOWNSHIP BOARD OF EDUCATION



GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the Montville Township Board of Education Budget Review Team

New Jerseyans deserve the best government that their tax dollars can buy. Governor Christie Whitman is committed to making State government leaner, smarter, and more responsive, by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board.

Government on all levels must stop thinking that more money is the solution to their problems, and start examining how they spend the money they have now. The State's taxpayers cannot afford to keep sending money to their government. It is time for government to do something different.

There is no doubt that local government costs -- and the property taxes that pay for them--have been rising steadily over the last decade. Until now, the State has never worked with towns to examine what is behind those rising costs. That is why the Local Government Budget Review Program was created by Governor Whitman and State Treasurer Brian W. Clymer. Its mission is simple: to help local governments find savings, without compromising the delivery of services to the public.

The Local Government Budget Review Program fulfills a promise Governor Whitman made in her first budget address, when she offered the State's help to local governments looking to cut costs. This innovative approach combines the expertise of professionals from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a management review and consulting service provided to them at no cost by the state.

To find those "cost drivers" in local government, the teams will review all aspects of the local government operation, looking for ways to improve efficiency and reduce costs. The teams will also document those State regulations or legislative mandates which place an unnecessary burden on local governments, and suggest which ones should be modified or eliminated. Finally, the teams will note where local governments are utilizing "Best Practices" -- innovative ideas that deserve recognition and that other municipalities may want to emulate.

This intensive review and dialogue between local officials and the review team is designed to produce significant insight into what factors are driving the costs of local governments, and provide the necessary tools to bring meaningful property tax relief to the State.

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Acknowledgments

THE REVIEW PROCESS

In order for a community or school district to participate in the Local Government Budget Review (LGBR) program, a majority of the elected officials must request the help of the review team through a public resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and to agree to an open public presentation of the review team's findings and recommendations.

As part of the review of the Montville Township Public Schools, review team members interviewed board of education members, central office and school administrators, supervisors, teachers, district employees, parents, association officers, local elected and appointed township officials, state elected officials, county and state education personnel and community members. Approximately 100 individuals were interviewed in all. The review team received full cooperation from the superintendent and all district staff members, elected officials, community members and all others interviewed. It was a pleasure to work with the people of Montville Township.

The review team reviewed various documents including budget statements, audit reports, annual financial statements (CAFR), collective bargaining agreements, various reports to the State, payroll records, personnel contracts and files, vendor and account analyses, board policies and meeting agendas and minutes, long range plans and numerous other documents. The review team physically visited all school sites and observed work procedures throughout the system. Team members observed board of education meetings and other meetings during the term of its field work as well.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or tax rate. These estimates have been developed in an effort to provide the district an indication of the potential magnitude of each issue and the savings or cost to the community. We recognize that all of these recommendations can not be accomplished immediately and some of the savings will occur only in the first year. Many of the suggestions will require negotiations through the collective bargaining process. We believe the estimates are conservative and achievable.

In addition to the Findings and Recommendations section, this report contains two sections entitled Best Practices and Statutory and Regulatory Reform. Best Practices identifies areas that the district does exceptionally well and cost efficiently that may be replicated by other school districts. Statutory and Regulatory Reform identifies areas where State laws and rules may cause inefficiencies and that may be considered for change.

It is with the cooperative spirit exhibited by the people of Montville Township the review team anticipates most to accept its findings and recommendations.

COMMUNITY OVERVIEW

Montville Township is located in northern New Jersey in north-central Morris County some 30 miles west of New York City. Although bisected by or located near the major traffic arteries of routes 202 and 46 and interstate highways 80, 280 and 287, the community maintains a rural like residential area of 18.9 square miles of residential housing developments, individual homes and condominiums connected by "country roads". Almost eighty percent of the tax base is residential and fifteen percent is vacant land. The township is surrounded by six municipalities.

Recent population estimates indicate that Montville Township has approximately 18,500 residents. According to the 1990 census, there were 15,600 residents in 1990 and 14,290 residents in 1980. The 1992 New Jersey Legislative District Data Book listed 16,799 residents with a population density of 891 per square mile. Based upon current estimates, the township has experienced 29.4% growth since 1980 and approximately 18% over the past five years. The township administrator has indicated this growth is continuing with a number of approvals for new housing construction. This growth has impacted upon the schools with enrollments increasing by over 300 students over the past two years.

According to the 1990 census, the racial make-up of the community reflected 90.4% were White, 8.1% Asian/Pacific Islander, 1.1% Black and less than 1% of other cultures. The most rapid growing population are the Chinese and Asian Indian cultures. Approximately 20% are school age children, 6% pre-school (under 5 years) and 9% over age 65. Over half of the adult population are college graduates.

The 1990 census reports that the median family income was \$78,445 with 122 persons in poverty. Per capita income was \$29,785. 1991-92 Department of Human Services data reflect no children aged 5-17 receiving Aid to Families with Dependent Children. The average value (1990) of a single-family home was \$309,586 and multi-family unit was \$187,758. The 1993 per capita tax base was \$100,651.

Montville Township is governed by a five member township committee established under a Special Charter in 1974. Township committee members are elected at large for three year terms. A township administrator serves as the chief executive officer of the community and is responsible for supervision of all municipal employees and operations. There are approximately 125 persons employed for daily municipal operations.

The Montville Township School District has seven schools; one high school with 840 students, one grade 6-8 middle school with 617 students and five elementary schools totaling 1482 students. Ten students were on home instruction (5/31/96) and 40 were placed in out-of-district special education programs. This represents a total enrollment of 2,992 students. The racial make-up of the schools reflects that of the community with a slightly higher Asian population at approximately 12%. The district has dropped out of the national school lunch program since less than 5% of the students qualify for free or

reduced lunches. The district employs approximately 411 full time employees with a total including part time and substitutes exceeding 500 employees as listed on the 1994-95 payroll.

The district provides a diverse school program including many enriching and extra curricular activities. ESL, basic skills and special education programs are provided for students with specific learning needs. The district is perceived to be excellent by the community including parents of students currently enrolled, parents of children who have graduated from the system and citizens who do not have children in the schools. Test scores as measured on the State administered EWT and HSPT and the SAT results reflect high student achievement exceeding state and national standards. The district and individual schools have been recognized and honored for their accomplishments.

From review team observations, the Montville Township Public Schools appear to be well managed with strong and caring leadership. There is evidence of many opportunities for community and parent involvement. District focus is on providing quality educational programs and services in a most cost efficient manner.

LOCAL GOVERNMENT BUDGET REVIEW

EXECUTIVE SUMMARY

MONTVILLE TOWNSHIP BOARD OF EDUCATION

The Local Government Budget Review (LGBR) unit of the New Jersey Department of Treasury conducted an extensive study of the Montville Township Public Schools in response to a request by the Montville Township Board of Education. Some 31 areas including 31 sub topics were reviewed with various recommendations for cost savings and/or managerial reform. Twelve areas were selected to be recognized as best practices with others being commended in the findings and eight areas were listed as possible State regulatory or statutory reform. Following is an executive summary of the findings and recommendations and dollar savings, as appropriate:

1. Benchmarking / Comparative Analyses

Statistical data of school districts comparable to Montville Township's Schools is provided as a basis for making many of the recommendations.

2. Board and Board / Administration Relations

Concerns were identified in the area of board of education members and board / administration relations, roles and communications that resulted in inefficient operation and direction of the district. It was recommended that the district solicit the New Jersey School Boards Association for assistance in these areas of need.

3. Organization

As a result of board of education action reducing administrative staff, the superintendent recommended administrative organizational structure change.

4. Hiring Practices

Guidelines are suggested regarding hiring practices that could reduce costs significantly.

5. Collective Bargaining Agreements

A number of areas contained in personnel contracts and collective bargaining agreements were reviewed. Some 12 areas were suggested for consideration in the bargaining process during current and future negotiations including the merging of several bargaining units. Reasonableness of some provisions could result in an estimated potential total savings of over \$400,000.

6. Office Clerical Staff

Reassignment and pooling of responsibilities of some secretarial staff and reduction of some part time clerical staff would result in a savings of \$22,673.

7. Insurances

The district has taken initiatives in several areas of insurance coverage resulting in over \$200,000 in savings. Additional savings totaling approximately \$333,040 could be realized from recommended cost savings practices.

8. Legal Fees

It is recommended that the board contract the services of a single legal firm to act on behalf of the district as its solicitor. There should be a written contract with a clear stipulation of services and fees including retainage for coverage of meetings and basic board business services.

9. Business Office

Many good practices were found in this efficient business office. Solidifying these and minor staff reductions in the central administration offices could result in a savings of approximately \$10,000.

10. Banking and Investment

Through negotiations with banks providing services to the district and restructuring some of the district's accounts, an estimated savings ranging between \$38,000 and \$43,000 could be realized.

11. Custodial / Maintenance Services

Options are presented to the current custodial services that result in savings from \$113,827 to \$121,327 and to maintenance costs savings of \$30,000.

12. Energy

Energy savings initiatives instituted by the board with an energy management program promise to save an estimated \$99,000 annually.

13. Vehicles

The district should reexamine its need for vehicles and/or pursue a cooperative effort with the township for some of their vehicular use.

14. Facilities

Suggestions are offered regarding use of current facilities to expand the number of usable classrooms to meet some of the projected enrollment increases.

15. Class Size

The district's class size policy needs to be revised to more realistic standards. The reduction of a number of classroom aides would net a savings of over \$94,000.

16. Transportation

The replacement of district provided courtesy busing with a user paid subscription and the reconfiguration / reduction of bus routes could save approximately \$634,350.

17. Food Service

By recalculating the formula for determining the number and cost of equivalent meals and opening the bidding for food services to competition could save the district \$9000 in food service costs.

18. Technology

Various strategies in use of technology in the district, computer service contracts and purchasing could save between \$8,500 and \$11,000.

19 Special Education

Return of out-of-district student placements, combining classes and recalculating tuition charges would save a total of \$141,297.

20. Driver Education

The LGBR supports the district plan to charge for the behind the wheel portion of driver education. If the full costs of this portion of the program is passed along to the students, the district will save \$50,000.

21. Guidance

Reassignment of guidance personnel and a reduction to Department of Education model standards would reduce costs by \$25,000 to \$79,000.

22. School Media

Utilization of parent, community and student volunteer in place of some media aides could save \$83,600

23. Extra-curricular Activities

Montville Township's cost for extra-curricular activities are well above the State model. The review revealed some programs are under subscribed and others over coached. A reduction in the number of coaches could save \$33,000.

24. Shared Services with the Township

The district and township are commended for their existing cooperative efforts. The review team suggests potentials for additional shared opportunities that could result in substantial savings for both bodies and the community.

25. Regionalization

The district should explore the opportunities and respond to the requests of neighboring school districts for possible tuition revenues. The possibilities for shared or consolidated services may also exist.

26. Privatization

Doors should be kept open to possible cost savings through competitive contracting.

27. Miscellaneous Savings Opportunities

Several miscellaneous areas such as reducing copying costs, purchasing savings and others could result in undetermined savings.

If all recommendations are possible and achievable, the Montville Township Public Schools could save well in excess of \$2,000,000.

**COMPARISON OF BUDGET APPROPRIATION, STATE AID AND
LOCAL TAX RATE WITH RECOMMENDED REDUCTION IN
MONTVILLE TOWNSHIP BOARD OF EDUCATION COSTS**

A.	Collective Bargaining Agreements	\$ 400,000+
B.	Insurances	333,040
C.	Office Clerical Staff	22,673
D.	Business Office	10,000
E.	Banking and Investment	\$38,000 to 43,000
F.	Custodial / Maintenance Services	\$143,827 to 151,327
G.	Energy	99,000
H.	Class Size	94,000
I.	Transportation	634,350
J.	Food Service	9,000
K.	Technology	\$8,500 to 11,000
L.	Special Education	141,297
M.	Driver Education	50,000
N.	Guidance	\$25,000 to 79,000
O.	School Media	83,000
P.	Extra-curricular Activities	33,000
	Total Potential for Savings	\$2,116,637 to \$2,294,637+

Total Amount Raised for Municipal Tax (FY 96)	\$23,910,980
Savings as a % of Municipal Tax*	8.85%
Total State Aid (FY 96)	\$ 1,917,037
Savings as a % of State Aid*	110.41%
Total Budget (FY 96)	\$26,706,058
Savings as a % of Budget*	7.93%
* Based upon savings of \$2,116,637	

I. BEST PRACTICES

A very important part of the Local Government Budget Review (LGBR) report is the Best Practices section. During the course of every review each LGBR team identifies procedures, programs and practices which are noteworthy and deserving of recognition. Best practices are presented to encourage their replication in schools and communities throughout the state. By implementing these best practices, school districts and municipalities can benefit from the LGBR process and possibly save considerable expense on their own.

The Montville Township Public Schools do many things very well and cost effectively. The review team was quite impressed with the district and with the dedication of its educators, board members and community persons. They exhibited leadership, care and pride in the accomplishments of their schools and students. The district has been honored and recognized for its exemplary practices.

Since a primary objective of this review is to make recommendations for cost saving measures, those efforts and practices already in place to reduce spending in the Montville Township Public Schools are recognized and commended here. Some of these initiatives could well serve as a model to other boards of education.

Just as the review team is not able to identify every area of potential savings, the team cannot cite every area of effective effort. Following are those best practices recognized by the team for their accomplishments, cost effectiveness and possible replication by others.

Budget Impact Committee

In May, 1995, the Board of Education established a Budget Impact Committee (BIC) to examine the district budget with the goal of identifying practices that will result in greater efficiency in the school district operations and expenses. The ad hoc committee was comprised of the board president, two board members, the superintendent, the business administrator and four members of the community who had expertise in business finance and/or procurement of services.

This "budget buster" group set an agenda of meeting monthly or more often as necessary to review the school district budget for savings areas and to suggest fiscal policy and procedures similar to those employed in the private sector which would bring savings to the community through efficient spending practices and programs. The BIC decided to focus their efforts during the first year of operation on three areas of high cost. These were health benefits, transportation and privatization.

School District Credit Card

A new program was initiated in the Spring, 1996 with the issuing of a Montville Township Schools Visa Gold Credit Card through the local branch of Metropolitan State Bank. Proceeds of school district return are dedicated to fund technology improvements in the school district. The bank will pay the costs of administering the cards and a percentage of the net profit received on income generated by use of the Gold Visa Card issued under this program. It is anticipated the district could earn approximately \$20,000 in the first year under this program.

Facility Improvement Advisory Committee

Another example of open community citizen involvement and participation in the district is the Robert R. Lazar Middle School Facility Improvement Advisory Committee. The voters of Montville approved a \$6.22 million referendum for the renovation and expansion of the Robert R. Lazar Middle School in September 1995. A committee of citizen volunteers was formed to advise district personnel, the project architects and board of education about construction and efficiencies that might be realized. The committee members brought varied and valuable expertise and experience to the facility improvement project. An advocate for the disabled, an architect, a construction project manager, a utilities authority director, a high school student, an engineer, the local construction official and a technology expert are illustrative of the backgrounds of the members. In addition, the local school parent organizations provided input and referendum support.

Educational Community Involvement

There are many other examples of total educational community involvement in school activities, projects, budget planning, governance and management. The district and individual schools are open to all groups and individuals in various school district functions and operations. Site based management is stressed and works with varying degrees of success. Some examples of this involvement include the following:

- Technology Advisory Committee This committee of community volunteers with technology expertise meets periodically during the year with the supervisor of technology. The committee advises district administrators on productive and efficient use of technology applications in the educational and operational programs.
- Citizens Advisory Committee for Communications Citizen volunteers meet three times a year with the superintendent to discuss issues, topics of concern regarding the operation of the schools, and the effectiveness of the district communication with the public. High school students are members of the committee.
- Presidents' Council The presidents of the seven parent/teacher organizations meet monthly with the superintendent of schools to discuss school district operations, to coordinate resources, conduct joint fund raising efforts, plan activities promoting home and school cooperation and be a sounding board for school initiatives and concerns.

- Student Representatives to the School Board Two high school students serve as representatives of their peers at all public board of education meetings. The students participate in the discussions and have a special portion of the agenda to provide a report during the meetings.
- High School Ad Hoc Committee(s) Ad hoc committees open to participation of students, faculty, staff, parents and community meet on various topics during the year as part of Montville Township High Schools' planning strategies under their site based management plan. Topics have included community service activities and alternative assessment of students.
- Other community and staff input and involvement activities include the Administrative Faculty Advisory Committee made up of the leadership of various school staff groups, Steering Committee with MTEA (teachers' association) representatives and suggestion boxes place at the Township Library and Municipal Building.

Parent/School Organizations

Various forms of parent/school organizations exist in the Montville schools. Whether they be the more formal affiliated national PTA or local home and school associations, they serve the singular purpose of betterment of their schools for children. In addition to the presidents' council above, each individual school organization takes on a supportive role in close cooperation with the principals and their staffs. They provide volunteers throughout the school program as needed to assist in the smooth operation of the schools. They provide a once a week hot lunch program in the elementary schools where there is not a national school lunch program and the children "brown bag" their lunches daily. They also conduct fund raisers for small and major projects for school improvement. For example: they have funded school assembly programs and field trips; they have made purchases of computer hardware and software and other technology items; they have constructed new playgrounds at considerable expense at the elementary schools over the past several years; they have purchased display cases in the rotunda of the high school; and they have provided scholarships to graduating seniors.

Another project that supports the curricular program of the schools is the book publishing centers the parent organizations have established at the schools. Children write original story books that are then prepared with hard cover copies by the publishing centers. Children then have keepsakes of their writings of which they are proud and often copies are prepared and placed in the school libraries. It is said that these books are often among those most highly read and circulated by the other students.

Cooperation with Local Municipal Government

A very important area of public relations is the relationship with the local governing body. The governing boards, board of education and township committee, work together meeting periodically to discuss issues of mutual concern. The executive leaders, the superintendent and township administrator (as well as the school business administrator), share a mutual respect and communicate on issues as well. Results of these cooperative

efforts have resulted in some shared services and cost savings to the local taxpayer. There is a willingness to explore more areas of cooperative effort for the benefit of the community.

Examples of successful effort are evident. There is a shared utilization of facilities and grounds. The board holds most of their public meetings in the new town hall. The community recreation uses school facilities and grounds and the high school sports teams use the town's athletic fields. Joint meetings of school and township officials resulted in planned improvements to roadway and parking areas at the high school and new community library. The two bodies coordinate resources to publish the Montville Messenger, a joint publication mailed to residents of the community. Cooperation exists in inter-office mail delivery, gasoline purchases, and road salting and snow removal. More detail on these initiatives and other areas to consider are reported in the findings and recommendations section of this report.

School Recognition, Honors and Awards

Various Montville Township schools have received State and Morris County recognition for their outstanding efforts and projects. Most notably and recent recognition have been the following:

- Star School Designation - Robert R. Lazar Middle School The Robert R. Lazar Middle School was designated as a STAR SCHOOL by the New Jersey Department of Education at the conclusion of the 1994-95 school year. The school was one of ten schools in the state to receive this award and was the only middle school to be so honored. Criteria on which the school was judged included; school specialty, student empowerment program and involvement, budget teacher research (65% of teachers involved in original research projects) and parent involvement.
- Best Practice Designation - Cedar Hill Blue Sky Project The Cedar Hill Elementary School was designated as a BEST PRACTICE in the area of science instruction by the New Jersey Department of Education for the 1995/96 school year. The Blue Sky Project involves all Cedar Hill School students in environmental education through the use of school site and home resources. Projects included recycling, a nature trail, gardening and other activities.
- Substance Awareness and Education Programs The Lazar Middle School and Montville Township High School received recognition for outstanding school programs addressing substance abuse and awareness. The D.O.P.E. Open, a Morris County organization fighting alcohol and drug addiction, has provided awards to these schools two of the three years that they have given awards for outstanding school programs in this serious area of concern.
- Windows on Science Program The William Mason School has piloted a science program in which teachers from the other elementary schools can receive training in the use of laser disc technology. This has enabled uniform implementation of this valued science instructional program throughout the district.

Montville Extended Day Learning Center Program (MEDLC)

The MEDLC program operates in all five elementary schools of the district offering school-based enrichment and child care services before and after school beginning at 7:00 AM and continuing after school until 6:00 PM. The program originated in the Hilldale School and with its success, expanded to the other buildings. It is supported exclusively by fees paid by the parents (currently \$2.50/hour) of program participants. It is available to parents on days of emergency school closings during the school year as well as during vacation periods.

Chinese School

Typically, the schools are shared with the community for various recreation and other program activities. Most of these are non-revenue generating with most participants being community members. In addition, however, the district rents the entire high school to the Northern Chinese Association each Sunday for 34 weeks per year at a fee of \$524 per week to operate their **Chinese School**. Additional fees are charged for use of the auditorium for special occasions. The organization pays additionally for three custodians at overtime rates and for any damage they may cause. This generates revenue for the district of over \$20,000 per year and promotes positive relations with this growing and influential segment of the community.

Over 550 students, of which 30% are from Montville, participate in the Chinese School. Others come from other North Jersey communities and from parts of New York. The school has been in operation in the Montville schools for over ten years. It offers a wide variety of programs centered on the Chinese language, culture and studies. With the number of program and course offerings provided by this school, it reduces the programs that may have been required in the regular public school program.

The Chinese people in Montville Township have contributed much to the community in the way of resources and participation in community fund raisers for the schools, new library, recreation, and special events.

Business Office Practices

The business office has undertaken several measures in their operations that are cost savings initiatives. Some are as follows:

- **Insurance** Cost saving elements have been negotiated with the district's insurance broker in the area of health benefits. They include admission review, mandatory second surgical opinion and increased deductible. Premiums have been reduced. Staff are surveyed to ascertain current number of dependents. Worker's compensation is tracked and monitored resulting in an excellent program. A safety officer available to the district has resulted in 20-25 percent discount off premiums. The district is responsible for all COBRA collections resulting in savings of \$1,700 in administrative fees.

The board received a \$410,000 health benefits rebate from their carrier for overpayment. These funds were used in the new budget calculation to replenish a depleting surplus.

- Technology is being introduced to business operations resulting in more efficient operations and monitoring of functions such as purchasing, investing and internal controls. It is planned to expand networking to all buildings to improve efficiencies with purchasing, e-mail and training.
- Shared Services The district utilizes the services of the Morris County Educational Services Commission (MCESCOM) for shared services in the area of transportation, non-public, health and safety, special education and purchasing. These costs have proven to be a savings to the schools over the years.
- Energy The district has completed its first year of participation in the Honeywell energy conservation service program. All buildings' heating systems have alarms in case of failure. Results of savings are not yet known.
- Internal Controls In trying to ensure internal controls, the office came up with a concept that could be replicated by other schools and governmental agencies. Last year, the public schools accountant was given a goal by the business administrator to have the best audit ever. As a result, they came up with the idea of having a pre-audit. The idea was to correct the problems found in previous audits and impede any new problems from arising. Because of his background in accounting and internal controls, he was able to do some testing of procedures (purchasing, cash collections, etc.) to ensure that no problems existed. If a problem was found, a solution was derived to ensure that correct procedures were in place. This pre-audit is planned to continue into future years.

High School Cost Savings Initiatives

The Montville Township High School has initiated several cost savings measures recently. These include computerizing student scheduling for a savings of \$17,000 per year and instituting new policies for 1996/97 in the driver education program whereby students will pay for nonmandated behind-the-wheel training and in student contribution to payment of certain field trip costs. The year book is now done via in-house desktop publishing saving dollars vs. total outside professional production.

In 1994/95 Montville Township High School joined an interactive television group that connects them with other area high schools and to various networking sites over a Bell Atlantic fiber optic cable system. This curricular effort has tremendous possibilities of cost savings with expanded course offerings and low enrollment programs shared with the other participating districts.

Move Up Day

The Move Up Day program in the Montville schools enables students to experience a day near the end of the year at the next grade level to which they will be promoted. The review team observed this activity at the high school where middle school students from the eighth grade experienced a day at their new school for next year. They were given a

thorough orientation to the high school facility and operation. They experienced a typical day's schedule and had the opportunity to meet some of their teachers and to interact with high school students. Grade five students were provided with a like experience at the middle school.

This Move Up Day program helps to alleviate fears of students as they think of moving on to the next level. It also provides enough familiarity with their new school to effect a smooth transition and school opening in September.

II. FINDINGS AND RECOMMENDATIONS

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operation and financial savings to the district and its taxpayers.

In its study, the review team found the district makes a conscious effort to control costs and to explore areas of cost saving efficiencies in its operations. Many of these are identified in the Best Practices section of this report. Others will be noted as appropriate in the findings to follow. The district is to be commended for their efforts. The review team did find areas where additional savings could be generated and has made recommendations for change that will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and the tax rate(s). Some recommendations may be subject to collective bargaining considerations and, therefore, may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, cost control and revenue enhancement.

COMPARATIVE ANALYSES

Many of the recommendations are made based upon comparative analyses using Department of Education data in comparison with districts of similar size and demographics. Other data sources are used such as various state agencies, state education associations, publications and private industry. School districts used for comparison with Montville Township include School District of the Chathams, Jefferson Township, Holmdel Township, Sparta Township and K-12 districts in the state with enrollments between 1,801 and 3,500 students (71 school districts). The following charts illustrate much of the data used.

TABLE 1
Comparison of General Fund, Special Revenue Fund, and Debt Service

<u>School</u>	<u>Montville</u>	<u>Jefferson</u>	<u>Chatham</u>	<u>Holmdel</u>	<u>Sparta</u>
# of Students	2,799	3,046	2,285	2,689	2,953
Instruction- Regular Programs	10,337,102	10,239,479	10,259,918	9,040,471	8,812,354
Special Education	954,659	1,032,740	1,238,205	899,098	1,216,281
Basic Skills-Remedial	177,607	189,936	135,983	130,707	78,561
Basic Skills-Bilingual	93,406	5,207	57,799	47,386	-
Activities	562,247	361,830	435,560	501,290	536,785
Other Instruction	-	20,690	-	-	138,830
Total Instructional Cost	12,125,021	11,849,882	12,127,465	10,618,952	10,782,811
Instruction - Undist. Expenses	1,146,279	1,123,567	558,155	699,808	559,622
Total Instr. \$\$	12,125,021	11,849,882	12,127,465	10,618,952	10,782,811
At Montville's Enrollment -*	12,125,021	10,888,975	14,855,481	11,053,346	10,220,484
School Admin.	1,198,912	1,129,882	1,176,898	779,710	1,022,774
General Admin.	636,114	563,428	583,984	1,013,587	531,460
Business & Other Support Srv.	3,079,147	2,908,616	2,678,218	3,088,856	2,894,031
Total Admin. Cost	4,914,173	4,601,926	4,439,100	4,882,153	4,448,265
Total Admin \$\$	4,914,173	4,601,926	4,439,100	4,882,153	4,448,265
At Montville's Enrollment -*	4,914,173	4,228,756	5,437,655	5,081,869	4,216,286
Food Service	-	-	1,883	7,716	44,053
Health Service	317,434	420,674	334,867	237,082	210,782
Other Support Service	1,115,861	1,061,170	1,335,217	994,539	1,239,795
Improv. of Inst. Serv.	639,948	117,610	198,837	530,666	551,495
Media Serv./Sch. Library	414,042	537,353	619,452	405,479	363,668
Operation of Plant	2,541,905	2,378,844	2,214,878	2,379,907	2,346,497
Total Support Services	5,029,190	4,515,651	4,705,134	4,555,389	4,756,290
Total Support \$\$	5,029,190	4,515,651	4,705,134	4,555,389	4,756,290
At Montville's Enrollment -*	5,029,190	4,149,477	5,763,532	4,741,738	4,508,248
Transportation	1,706,312	1,610,773	838,524	1,244,482	1,843,118
Capital Outlay	1,048,812	1,090,546	353,644	346,439	1,148,547
Total General Fund Expense	25,969,787	24,792,345	23,022,022	22,347,223	23,538,653
<u>Per Student Rates</u>					
Instruction Cost Per Student-**	4,332	3,890	5,307	3,949	3,651
Admin. Cost Per Student-**	1,756	1,511	1,943	1,816	1,506
Support Serv. Cost Per Student-**	1,797	1,362	2,522	1,763	1,527
Total Gen. Fund Cost Per Student-**	9,278	8,139	10,075	8,311	7,971

*- At Montville's Enrollment means taking total costs of category divided by the # of students for that school times Montville's Enrollment to arrive at an equalized expense level

**-. These figures are only partial costs and do not equal to Total Costs

Source: school district's 1994-95 CAFR

TABLE 2
Comparison of General Fund, Special Revenue Fund, and Debt Service
Based on Audit Report as of June 30, 1995

<u>Description</u>	<u>Montville</u>	<u>Jefferson</u>	<u>Chathams</u>	<u>Holmdel</u>	<u>Sparta</u>	<u>Hopewell</u>
District Type	II	II	II	II	II	II
Grades	K-12	K-12	K-12	K-12	K-12	K-12
District Factor Group	I	G-H	I	I	I	I
Cert. Employees-*		282	231	330	227	223
	363					
Other Employees-*		165	90	113	92	178
	211					
Number of Employees-*		447	321	443	319	401
	574					
Square Miles	18.85	42.00	12.00	17.90	38.00	60.00
<u>Number of Schools:</u>						
Elementary		6	3	2	2	3
	5					
Middle		1	1	1	1	1
	1					
High		1	1	1	1	1
	1					
Total Schools		8	5	4	4	5
	7					
Student Enrollment	2,799	3,046	2,285	2,689	2,953	2,822
<u>Revenues</u>						
Local Sources	23,524,109	17,015,632	22,282,233	21,571,045	18,840,747	22,364,381
State Aid	1,838,329	8,482,374	1,470,446	1,983,656	4,969,163	1,882,278
Federal Aid	205,522	330,746	271,438	158,735	278,108	195,109
Total Revenue	25,567,960	25,828,752	24,024,117	23,713,436	24,088,018	24,441,768
Total Expenditures	27,651,323	25,824,550	24,187,842	24,000,204	24,071,530	31,768,463
<div style="text-align: center;">Total Expenditures</div> <div style="text-align: center;">-----</div> <div style="text-align: center;">Total Student Enrollment</div>						
Cost per pupil	9,879	8,478	10,585	8,925	8,152	11,257
Pupils per Employee	4.88	6.81	7.12	6.07	9.27	7.04
Pupils per Cert. Emp.	7.71	10.80	9.89	8.15	13.03	12.65
Pupils per Other Emp.	13.27	18.46	25.39	23.80	32.10	15.85

Note: Data was provided from school district CAFR reports 1994-5

* Figures for # of Employees is Unaudited.

Montville's # of Employees appears to be overstated when compared to the payroll register. Actual # reported is 411 regular and 524 total when including part time and substitutes.

To ensure our comparisons are at like values, the costs for the two Morris County districts, Chathams and Jefferson, are recalculated to equate to Montville Township's enrollment. This provides a direct cost comparison snap shot on a cost per pupil basis. A review of these comparisons and with those of Holmdel and Sparta illustrates that, overall, Montville's costs are within comparable ranges. Individual line comparisons reflect some costs as being higher while other costs are lower. Instructional costs are equal to those of the Chathams and higher than the other districts. Administrative costs are higher in total than all compared districts while support service costs are higher than those of all except the Chathams.

Using the 1995/96 Cost of Education Index published by NJSBA, costs for budget categories are compared for Montville Township with state, county, socio-economic group, enrollment group and K-12 grade plan. Total current expense per pupil costs reflect that Montville is higher than the broader comparison groups (state, enrollment and grade plan) and lower than county and economic groups. A similar pattern exists for most lines compared. Areas with higher costs than all compared groups are teacher salaries and student activity costs. Operation of plant costs are higher than all groups except the county. Costs are lower per student in support programs of special education and basic skills and in business/other support service costs which include employee benefits.

A review of actual costs for 1994/95 as submitted to the Department of Education as reported in their February 1996 Comparative Spending Guide shows Montville Township's expenditures and ranking in 18 categories as compared with 71 K-12 districts with enrollments between 1,801 and 3,500 students. Ranked from low expenditures (1) to high expenditures (71), the township ranked in the top third in most categories. Examples include the following costs and rankings:

	<u>Cost</u>	<u>Ranking</u>
Total cost per pupil	\$7,958	52
Total classroom instruction	\$4,567	40
Supplies/texts	\$ 138	19
Support services	\$ 761	46
Total administrative costs	\$1,161	52
Operation/maintenance	\$ 967	47
Extracurricular	\$ 226	58
Student/administrator ratio	125.2:1	59 (1993/94 67)
Faculty/student ratio	11.2:1	51 (1993/94 61)

In a study conducted in 1992/93 by the Union School District ranking costs for all 209 K-12 school districts in the state, Montville Township ranked (high to low costs) as follows: total current expense - 66th in the state and 11th in Morris County: and number of professional staff per 1,000 students - 30th in the state with 99 per 1,000.

BOARD AND BOARD/ADMINISTRATOR RELATIONS

In June 1996, the board of education passed a controversial resolution to reduce the administrative staff by two positions and then took action to change this reduction to one position designating the elimination of the position of director of curriculum. This was controversial in that the superintendent did not support the action, the vote taken was split with 5 votes for reducing the position(s) and 4 against, and some 300 to 400 members of the public speaking against the action at board meetings. Data above relative to costs of administration and student/administrator ratio would tend to support this action. However, the realignment of administrative staff to cover the duties, responsibilities and accomplishments of the director of curriculum may not produce the results of this office and may be a detriment to the district.

The district's ongoing focus is to provide its students with a quality educational program. The effort to accomplish this incorporates the board, administration, professional and support staff and community working effectively and in concert with one another. Recent actions such as the above and others observed by the review team where the board has ventured into attempts at micro-managing the district, have had a negative impact upon the overall effectiveness of the district.

These examples of this micro-managing include the board's involvement in student discipline and student special placement/promotion matters. They also provided a lack of support for administrative initiatives originally proposed by the board such as the development of a district multi-handicapped class and a new teacher evaluation model that the teachers helped to design and supported. The negative impact has been upon staff morale and upon the board being distracted from setting goals for the coming year and focusing on board business.

Certainly it is appropriate and healthy for board members to vote as they believe to be best for the children, district and taxpayer. And it is not unusual to have boards that are divided in opinion and philosophy. However, it is not appropriate or healthy, nor is it in the best interests of children and community if motivation to vote is based upon personal and vendetta reasons. Trust of the administration appears to be lacking by some members of the Montville board.

The Montville Board of Education is a relatively new board in terms of individual member experience and years of service. The senior most member in years of continuous service is two years. One member served a three year term previously and is back in the first year of a new term. Three others were elected for the first time in April.

It is the recommendation of the Local Government Budget Review (LGBR) that the board contact the New Jersey School Boards Association to perform a board evaluation and provide workshop experiences on board member relations, board/administrator relations and board responsibilities. These services are

provided as part of membership services of NJSBA and have been conducted in other districts with great success.

ORGANIZATION/ADMINISTRATION

The structure of the Montville Township School District's administrative organization was analyzed. As stated above, the cut of one administrator may have been cost appropriate. However, the reduction should have been made after careful study of the administrative structure, the functions of each position, input from the educational community and through a superintendent recommendation. With the reduction made in June, it is evident the superintendent will have to reassign duties and responsibilities as charged by the board. The talents, strengths and abilities of the administrative staff as well as the needs of the district will need to be assessed.

The structure of the previous administration and its motivation and utilization of district staff were major elements in the successful delivery of a quality educational program to the students of Montville Township. The downsizing of the administration through eliminating the position of director of curriculum has a spillover effect on the entire administrative/supervisory staff. For instance, the coordinating activities across curriculum lines and district-wide staff development will not be executed as efficiently as previously considering the vastness of these activities. It is difficult to envision this being a shared responsibility of the principals and assistant superintendent with their other assigned duties.

Consideration has been given to having the existing content supervisors assume these responsibilities. However, they are singular subject content oriented and most have partial teaching responsibilities. Further, they are secondary trained and experienced without much contact at the elementary level. The assistant superintendent's experience is also primarily secondary since his previous assignment for a number of years was that of high school principal.

It is the recommendation of the review team that the whole matter of administrative organization become the subject of study and that the superintendent be given the opportunity to make a reorganization recommendation to the board with the reduction of the one position incorporated. As outlined above, the reduction of one administrative position should stand and after careful review of the needs of the district and the strengths of the staff, the superintendent should determine the new structure. The broader areas of curriculum development and coordination, staff development and elementary interdisciplinary instruction need to be considered.

NOTATION: The above reflects what was observed by the review team during its field work in the district. Since the original preparation of this report the Superintendent developed a revised Table of Organization and reassigned administrative and supervisory personnel for the 1996-97 school year. He did a

commendable job of covering the supervisory needs of the district as outlined above. The only area of question by the review team is the evaluation of some of the principals by the business administrator rather than by the superintendent or assistant superintendent.

HIRING PRACTICES

In the review of recent board of education meetings agendas and minutes it was found it to be common practice to hire new employees with experience and degree credentials. Although it is commendable to employ "the best candidate available," it is not always the best practice economically nor necessary. Excellent candidates are available with less experience and from the ranks of recent college graduates. This is especially so for basic non-specialized classroom positions. The difference between the beginning step on the salary guide and many of those hired is considerable. Substantial dollars can be saved with more prudent hiring of qualified candidates.

In discussion with district administrators, it is common to recommend and hire candidates at higher salary levels. No restrictions are placed on the administration in their screening process to seek qualified candidates at less cost. Of the 12 candidates approved for hire between April and July, seven were employed at the first step of the salary guide: two at step 2, one at step 4, one at step 5 and one at step 10-14. Three were hired with Master's Degrees. Some were appointed with salaries as high as \$44,220 (prorated from 60%), \$41,100 and \$40,005. The beginning salary for a teacher for 1995-96 was \$33,350.

It is recommended the board and superintendent establish guidelines for hiring practices including the best candidate available with only a few years of experience.

Savings - undetermined

COLLECTIVE BARGAINING AGREEMENTS

The Montville School District currently has seven collective bargaining agreements with seven different union organizations. Four of the organizations have contracts that run over a three year period, with an end date of June 30, 1996. These four organizations include the Montville Township Education Association, the Subject Supervisors' Association, the Administrators Association, and the Educational Secretaries Association. The other three organizations have contracts that run over a two year period, with an end date of June 30, 1997. These organizations include the Custodians, Maintenance, and Library Assistants Associations.

The LGBR team read and analyzed each of the individual contracts. There are some issues in the contract that are not seen to be in the board of education's best interest and may be considered to be extravagant, when compared to State procedures or generally accepted norms.

Additionally, the review team examined the individual contracts of the non-affiliated employees. This includes the three central administrators and confidential secretaries.

Payment of Unused Sick Leave Upon Retirement:

Under each of the agreements, employees are allowed to accumulate unused sick leave over the life of their working careers and redeem such unused leave time in cash upon retirement. In all but two of the contracts, it is stated that any unused personal days may be converted into the sick leave bank and be allowed to accumulate until retirement. An employee may rollover, including converted personal days, the amount of sick leave allotted to them each year. Upon retirement, an employee is entitled to compensation for each of the unused leave days. The amount of compensation for each leave day differs for each contract with a range from a low of \$19 per day to a high of \$70 per day.

Retirement compensation is given for all leave days accumulated, except for the subject supervisors, who are compensated for 2/3 of their accumulated days. In order to receive this benefit, an employee must be eligible under the State of New Jersey's Retirement System and/or be retiring from the district after a specified number of years of service. There is no "cap" on the amount of money an employee may be paid for their unused leave time. As of June 30, 1995, the board of education had a long-term liability account for compensated absences payable of \$405,264.

There is debate as to whether it is correct to pay employees for unused sick leave. Sick leave should be considered as an insurance policy to continue full pay in times of illness. It should be allowed to accumulate, as it does now, to ensure continuance of pay in case of a catastrophic illness. It should not, however, be seen as an alternative means to create retirement stability. Payment of unused sick leave is not considered to be a normal practice outside of the public sector. **As a result, the board should continue to allow the accrual of sick leave to insure against catastrophic illness, but should negotiate out of the contracts the payment of unused sick leave to retiring employees. The resulting savings is hard to determine in annual figures, but the district's potential liability will be decreased by \$405,264.**

As an option to this, the district could place a "cap" on the amount of compensation paid out for unused sick leave. The State of New Jersey has a "cap" of \$15,000 per retiree for this payment, and it is recommended that the district "cap" be the same amount. The institution of this recommendation will assist the district in their budgeting for this leave payment, in that no unexpected large payments will come about and effect their financial situation. If this recommendation were to be instituted, it would only effect the Administrators Association and three central administrators, in that they are the only personnel that could be affected by a \$15,000 "cap". However, cap levels could be set at varying lower amounts for the different employee groups based upon their levels of pay.

As a point of illustration of potential costs, the retiree payout for a recently retired administrator was \$8,961 for accrued vacation days and \$28,160 for unused sick leave

totaling \$37,121. **Unused vacation days should not accrue beyond the contract allowable carryover of 10 days with a maximum payout in the amount not to exceed the value of one year's allotment of vacation days.** In the example above, capping the sick leave at \$15,000 and 10 vacation days, the payment would have been \$19,481, saving the district \$17,640 and still providing the employee with a retirement incentive.

Savings - undetermined

Personal Days:

Presently, four of the bargaining associations receive five personal days per year and the remaining three associations receive four personal days per year. These days are supposed to be taken only when personal emergencies or situations arise. Some potential uses for these personal days include legal matters, observance of religious holidays and severe illness of immediate family members. Each employee is permitted a certain amount of personal days which are permitted to be taken without a stated reason of usage. Also, as stated earlier, unused personal days may be converted into an employee's accrued sick leave, as long as an employee is not carrying over more days than originally allotted in sick leave.

The generally accepted standard of three personal days per year is adequate to cover most personal emergencies or situations. This is especially true for teachers who only work 186 days per year. This is also true for 12 month personnel who receive liberal vacation leave. As a result, **it is recommended that the board negotiate the number of personal days given to an employee from four or five days to three days per year.**

If this recommendation were to be instituted, the district would be creating a substantial financial benefit. This benefit would include less substitute costs for covering teacher absences, less potential retirement payouts, and getting more work productivity for the salary given them. The district would gain approximately 702 days of work per year, if reduced to three days per year. Of the 702 days, 514 would be from 10 month employees and 188 would be from 12 month employees. The financial benefit of the increased productivity would approximately be \$156,524. Of this total, \$126,444 would be charged to 10 month employees (514 days x \$246 daily rate) and \$30,080 would be charged to 12 month employees (188 days x \$160 daily rate). This change would be achieved by only going to a generally accepted standard of three personal days, per employee, per year.

Potential Savings \$156,524

Service Increment (Longevity):

Except for the Montville Township Education Association, all of the associations have a service increment or longevity schedule to compensate employees who have worked for the district for an extended period of time. Payments for service time or longevity range from a low of \$100 after five years of service in a few contracts to a high of \$2,000 after 20 years of service in the Administrator's contract. During the 1994-95 school year, longevity payments to employees were approximately \$20,925.

The LGBR does not support the concept of longevity payments. Salary guides with automatic annual increment raises are in themselves longevity pay. Compensation to an employee should be based on work productivity, not length of service. Current employees are presently entitled to large increases in pay each year, in that most employees will move vertically on a salary guide and the salary guide amounts increase each year. **It is recommended that the district negotiate elimination of extra longevity service increments to employees. Employee compensation should be based upon employee productivity. This recommendation would create a recurring savings of approximately \$20,000 to the district each year.**

Savings	\$20,000
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Vacation Allotments:

The Montville Board of Education gives employees covered under the Administrators, Subject Supervisors, Educational Secretaries (12 month), Maintenance, and Custodial contracts, as well as the three central administrators, vacation leave in accordance with the bargained agreements. Administrators and subject supervisors are given vacation leave of 20 days per year, no matter the service length to the district. These personnel also are entitled to the Winter, Spring, and Thanksgiving recesses...all with pay. The other three bargaining associations which earn vacation leave, do so according to length of service. It should also be noted that each of these bargaining units are given an additional 10 to 12 paid holidays off each year, depending on the bargaining units. This greatly increases the number of paid days off given to the employees. The schedule of vacation leave for these three associations is very similar to the State of New Jersey's schedule for vacation leave.

On the other hand, the administrators and subject supervisors vacation leave schedule is seen to be excessive and in need of negotiated change. As stated above, in addition to the 20 vacation days given to the administrators and subject supervisors, they are entitled to the recesses with pay as well as the paid holidays. When factored in, these personnel are entitled to in excess of 40 paid days off per year (using 10 recess days per year). **It is recommended that consistency of vacation leave be provided for recess days requiring all twelve month employees to use recess days as vacation days if they choose not to work.** If this were to take place, an administrator and subject supervisor would increase work productivity by 10+ days per year. Using an average salary of \$80,000 for both groups of personnel, the work productivity savings would be approximately \$3,560 per employee per year or approximately \$78,320 for the employees per year.

An additional \$40,260 of work productivity would be saved when applying this work condition to the superintendent, assistant superintendent and business administrator. Another vacation benefit these three receive is that they may exchange up to three unused vacation days each year for per diem payment. If this provision were deleted, an additional accumulated value of \$12,000 would be saved.

Savings	\$130,580+
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Professional Growth:

The Montville Township Board of Education is very supportive of the professional growth of their professional staff. They recognize the value of staff development and encourage teachers to improve their skills and knowledge for the betterment of their students. Professional growth opportunities are also provided in the contracts for secretaries and library assistants.

Professional growth is provided through college courses (graduate level for teachers), district planned in-service and out of district workshops. Tuition for courses is based upon state college costs per credit.

Under two of the agreements, there is a cap on professional growth tuition reimbursement for the employee. The administrators contract has a cap of \$5,230 for tuition, workshop fees and conferences over the three year life of the contract agreement. Subject supervisors have \$4,200 cap over the life of their contract (also three years). There is no cap for the teachers, secretaries and library assistants units and for the three central administrators. Approval and reimbursement of staff development opportunities for the superintendent, assistant superintendent and business administrator are left to the discretion of the superintendent.

It is the recommendation of the LGBR that cap limits be determined for all employee groups and individuals for all areas of professional growth including tuition for courses, fees for workshops and conference costs. When there are cap limits, individuals cannot take advantage nor can there be discretionary limitations. This recommendation would clearly identify allowable costs and equity among all employees. It would also allow the board to consistently budget for professional growth without risk of overexpenditure of account line items.

Black Seal License:

Maintenance and custodial personnel are entitled to an additional stipend of \$500 and \$417 respectively for earning their Black Seal License. Each of these personnel are required to have this license upon hiring or obtain it during the first six months of their employment. This license is required by the Department of Labor (N.J.S.A. 34:7-1) to monitor the pressure of the boiler system when it is in operation in order to maintain a safe environment. Presently, all of the boilers in the schools are fitted with alarms to warn the custodial and/or maintenance personnel when a problem arises. Besides this monitoring, no additional duties are required from the personnel.

Since this is a condition of employment, there should be no necessity for an extra stipend. Elimination of this stipend would result in an annual savings of \$14,259 (27 custodians x \$417 + 6 maintenance x \$500).

Savings	\$14,259
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Other Contract Provisions

Professional Dues Payment The board pays for individual memberships for supervisors, principals and assistant principals and the three central administrators without stated limits except they will not pay for NJEA or NEA memberships. Although memberships to professional associations provide positive professional growth and keeping current with educational trends and issues, many provide legal protection for their members. In essence, the board supplements employees' legal fees in actions against the board. The LGBR is not opposed to the provision of professional dues payment. However, **it is the recommendation of the review team that there be a stipulation of limit to board payment of professional dues to specific associations and cap the membership to a number of memberships allowed or a dollar value of reimbursement.**

Overtime Pay Overtime provisions occur in the contracts of the nonprofessional staff. Should overtime be a reoccurring practice with employees or employee groups, then various strategies should be implemented to reduce this cost. These would include schedule adjustments within the day and workweek. For example, maintenance personnel can work a staggered workday. Often, maintenance work must be done when classrooms or buildings are not occupied such as after school hours. Another example is when custodians are provided overtime to cover after hour or weekend events since a boiler licensed employee must work when a building is occupied. A staggered workweek schedule would have Saturday workers on duty without the requirement of overtime pay.

In another example, the Chinese School must pay the overtime rate (\$24/hr. in 1995-96) for three custodians each week they use the high school. This is in addition to their weekly rental fee of \$524. Their total cost of approximately \$1100 weekly for 34 weeks is expensive.

Shift Differential Pay Night custodians and custodial supervisors receive an extra payment for working the late shift. Each night custodian was paid a \$520 shift differential stipend in 1995-96, the custodial supervisor was paid an additional \$5,900 and the high school and middle school night head supervisors were paid \$2,500 and \$1,900 respectively. This represents a total of \$18,100 being paid for these positions. The stipend increased to \$538 for these custodians for 1996-97. The LGBR does not support a pay differential for night (after school) shift custodians. Persons are paid to do a work responsibility and this job has a value. Time of day does not warrant a pay differential. **It is recommended the pay differential for night custodians and supervisors be discontinued at a savings of \$18,370 ('96-'97 costs).**

Mileage Reimbursement Employees who must drive their personal vehicles from building to building or otherwise in the performance of their job responsibilities are reimbursed for the mileage they drive. The reimbursement is, by board policy, the current IRS rate. The only exception to this is the superintendent who receives this rate for out of district travel but receives a \$120 per month travel expense for in-district travel. This stipend should be

changed to reimbursement for actual miles traveled only, regardless of whether it is in or out of the district.

Efforts should also be made to reduce the travel of teachers and supervisors who work in more than one building. Schedules should be prudently constructed to reduce the frequency and time of travel. Not only would this reduce costs, it would also increase student contact and instructional time. It was observed by the review team that the best use of teacher time was not made when special subject teachers (music, art, physical education, speech, etc.) schedules were being developed. The schedules were driven by middle school block scheduling requiring these teachers to make frequent trips between buildings.

Negotiated Salaries NJEA and NJSBA surveys reflect that negotiated agreements across the state are being settled with an average pay increase of 3.9%. With the exception of the three central administrators who received 3% increases, Montville Township Schools bargaining units are receiving greater than 3.9% settlements with the board. Secretaries, for example received a 5.5% increase. Individuals within bargaining units have received as much as 8% pay increases when coupled with step incremental raises. The board will need to tighten negotiation settlements to reflect the economy.

OFFICE CLERICAL STAFF

The payroll listing of clerical staff in the district indicates there is a total of 25 secretarial / clerical positions in the district. Through observation, the review team identified a 26th person in the position of part time secretary at Valley View School. The distribution of these clericals has a total of five in the central offices, five in the high school, three in the middle school seven in the elementary schools, including the aforementioned part timer at Valley View, and six other assigned to various programs. These include guidance, special services, attendance and athletic director. All six of these are housed in the high school with the supervisory personnel of these programs.

Based upon salaries paid during 1995-96, some of these office staff personnel are part time positions (or they started their employment during the past school year). Five salaries ranging from a low of \$664 to \$9,034 were paid indicating less than full year employment for these individuals since the starting salary for a secretary in the Montville schools was \$23,389 for 1995-96. Seven did not receive medical benefits.

With eleven of the secretaries stationed in the high school complex, the review team feels some efficiencies could be enacted by pooling or sharing personnel between the various offices. By eliminating those indicated as part time (4) in the high school, a savings of \$13,673 would be realized. In addition, the elementary schools (Cedar Hill and Valley View) with more than one secretary could work with just one. These part time positions should also be dropped saving an additional estimated \$9,000.

Other recommendations regarding movement or reduction of office clerical staff are indicated elsewhere in this document and these are not reflected in this savings total.

Savings \$22,673

A further analysis of secretarial salaries when compared with private sector salaries revealed that the range of salaries are comparable for those in the secretaries association bargaining unit. The 1996-97 salary guide for these Montville secretaries ranges from \$24,858 to \$37,999 over 12 steps. Ten month secretaries receive a 10/12ths pro-rated pay. According to a Morris County Chamber of Commerce 1995 salary survey, private sector clerical personnel earn between \$18,859 and \$38,931. These are for full time junior clerk and receptionist positions to senior executive secretaries. A private survey of 15 industries conducted by a private company revealed clerical salaries between \$7,500 for a clerical assistant to \$20,550 an administrative secretary. However, when looking at secretarial salaries for the three confidential secretaries in central administration who are not in the association it was found that salaries ranged up to \$47,000 with a total compensation package including benefits exceeding \$55,000 for 1996-97.

It is the position of the LGBR that various job categories, including secretaries, have a dollar value. Salary guides, in essence, determine a maximum value. Those secretarial positions over the max step of the salary guide or independently off and above this max should be reviewed. Recognizing that the confidential secretaries are excellent and valuable to their superiors and the district, the review team still takes the position that salary packages in excess of those ranges common to other districts and private industry are excessive. These position salaries should be capped at current levels.

HEALTH INSURANCE

The Montville School District has taken initiatives in several areas of insurance coverage which deserve recognition. The district, through both negotiation with the broker and with the use of a budget analysis team, has effectuated flat rates and in this coming fiscal year an actual rate reduction in health care costs. The district is currently providing three different carriers of health care insurance:

- Blue Cross/ Blue Shield (Traditional)
- Blue Cross/ Blue Shield (HMO Blue)
- US Healthcare (HMO)

Both HMOs provide for prescription insurance while the traditional plan does not offer a prescription plan. As an incentive, the prescription plan does not seem to be worth its cost. Only 10% of the insured employees opt for managed care under this system. In the state health benefits plan, approximately 45% choose this option on a municipal level while 72% utilize managed care at the state level with financial disincentives for choosing traditional care. This year marked the first year the state charged for a difference between

traditional and managed care. The resultant action of charging state workers was a participation reduction from 37% to 28% in traditional healthcare insurance.

The team encourages the district to pursue an alternative insurance plan called a point of service plan. This allows for gatekeeping of healthcare costs through a medical review process but also allows for out of network utilization at a participation rate of between 20%-30% depending upon the plan selected. This permits the insured to enjoy the benefits of preventative healthcare delivery while allowing for flexibility in doctor selection. The savings, if the district were to get more employees to switch due to the availability of this option, could be substantial.

The review team believes that if managed care is offered and employees choose to select traditional care, those employees should pay for the difference between managed care and traditional care. If the prescription rates found in the HMOs are subtracted out from the benefits plan at a rate of \$720 for a family or husband/wife, \$540 for parent /child and \$360 for single coverage and then the traditional coverage employee is required to pay the difference at these levels, the savings would be **\$221,040**; \$198,000 in cost shifting to the employee and \$23,040 in cost eliminations of the prescription plan in the HMO.

Savings \$221,040

The school district has instituted several cost containment issues that should also be acknowledged. Through negotiation with the broker, the township has been able to save over \$200,000 through effective cost containment in healthcare utilization. The district's loss experience has been low when compared to other districts in the area. When the district was considering using a health insurance fund in Morris County, they discovered that their current provision of health care delivery was less expensive than the cost proposals found in the fund.

The district's Budget Impact Committee made up of citizens in the community (noted in Best Practices) examined health insurance costs as one of its objectives. The committee guided successful negotiations of an approximate 10% reduction in rates for the traditional plan while rates increased 9% elsewhere last year. By including their broker in the process they were able to elicit suggestions on cost containment in healthcare. The broker suggested that the district could save about 5% of healthcare costs through sole source provision of healthcare. Since almost 95% of the employees use Blue Cross currently, this suggestion may make economic sense to the district. The district should attempt to negotiate a freeze in rates for signing on to this provision for multiple years.

Savings \$106,000+

INSURANCE

The School District in Montville participates in a Pooled Insurance Plan with some 20 other districts which is a hybrid between a Joint Insurance Fund and a policy with an insurer for the district. The benefits of this plan are reduced administrative changes with the insurer assuming the risk. The district paid approximately 1% of its asset value in property and liability insurance in 1994-95. After a detailed analysis, the review team has several suggestions that Montville can recommend to the insured pool for future negotiations. These include:

- Change the deductible amount . An increase in the deductible could result in savings of 2-3% in premium charges.
- Bid the insurance package out for a three year period. The possible savings by this approach could be 5% per year.
- Limit the amount the attorney can settle claims for worker's compensation cases. If the attorney is limited to \$5,000 in claim settlements without prior approval from the pool, the pool members would be directly involved in claim settlements for large amounts.
- The workers compensation area appears to have become much improved as a result of a change in the third party administrator. The team was impressed with a medical group acting as a managed care provider. The team felt the program could be enhanced by establishing policies and procedures that assure adherence to sound safety precautions, i.e. mandating the use of safety equipment and limits on the amounts of weight to be lifted without assistance, wearing of goggles and a safety training program consisting of videos and meetings on the importance of safety.
- The district should also pursue more effective return to work programs in order to return people to light duty as soon as possible.
- The team was of the belief that while the current method of coverage was very good, the district should be ever vigilant of alternatives to pooled insurance; such as Joint Insurance Funds and Self Insurance with an excess liability policy, keeping in mind all alternatives have their limitations.

The district spent approximately \$81,732 in 1994-95 on property insurance. If contracting with the insurance provider for three years results in savings of 5%, the district would save over **\$4,000**. Additionally if the district were to increase deductibles to save about 2 ½ % they would save an additional **\$2,000**. The review team recognizes that this has to be discussed with the pool and that the savings are comparable to industry averages, but the team does support this concept of pooled insurance as long as administrative costs remain low.

Savings \$6,000

BOARD MEMBER EXPENSES

An analysis of board member expenses for the 1994-95 school year was conducted by the review team. It revealed that most of the expenses were paid for membership dues to NJSBA (\$23,427), conferences (\$6,673), yearbook (\$660) food (\$1,665), convention

booth rental (\$828) and miscellaneous (\$1,275). Board members are not issued credit cards and cellular phones. Members received reimbursement for mileage and expenses when attending conferences. Most of these were within State guidelines.

The board paid for the annual retirement dinner. It is suggested that the various unions contribute to staff retirement and awards dinners.

Overall, the board used its account funds appropriately.

LEGAL FEES

The review team conducted a study of the district's legal expenses for the 1994-95 and 1995-96 school years. A review of the vendor analyses records indicated a total of \$57,555 and \$55,624 were expended respectively. Most fees were paid for regular board business, personnel grievances and lease review. The board does not have a formal contract with a law firm as its solicitor or for legal services. Three law firms are used for the various district legal needs. They charge on an hourly fee basis ranging from \$105 to \$125 per hour.

It is the recommendation of the LGBR that the Montville School District arrange a formal contract with a legal firm for its basic solicitor legal services that contains a retainer fee for specific services. Duties that are to be performed for legal services by the firm should be clearly outlined with a written fee schedule of services outside the base contract. This will enable the district to get a clearer handle on anticipated legal expenses for budget purposes and provide the board with legal protection needed.

BUSINESS OFFICE

The business office is comprised of 7 1/2 full time equivalent personnel, with varied responsibilities for each person. Staffing levels have remained at a constant level since 1990, when the office reduced one position. Functions included in the business office include payroll and benefits, purchasing, computers, transportation, accounts payable, facilities management, budgeting and budget control investments, grant writing, and clerical, food service, insurances. The main functions that will be discussed in this section of the report include payroll, purchasing and accounts payable, staffing, and general office information.

Payroll:

The payroll function serves the approximately 400 full-time employees and 100 substitutes, aides, and other part-time personnel within the district. During the 1994-95

school year, 524 people received a payroll check from the board of education. In addition to the payroll function, the payroll clerk also does all of the health benefits work.

The district is on a split net payroll, with the average payroll being about \$850,000 per pay. The payroll is run through the district's financial package: System 3000. The system automatically runs the payroll, except for any changes in regular pay, such as overtime, non-paid absences, etc. which must be manually entered by the payroll clerk. Only the payroll clerk, the business administrator, and the public school accountant have the password to access the payroll system.

There currently is no direct deposit within the district. The district has plans to have the direct deposit in place by September 30, 1996. Due to the way that the payroll system is set up, these checks will only reflect regular pay, while changes in pay will have to be issued through a regular check. The goal for the district is to have about 30% - 40% of the employees using direct deposit. If this is to occur, there should be some savings of time and printing costs to the district.

Computer Training:

The district is complemented for maintaining the use of technology in their business functions. In many of the agencies that the LGBR teams have reviewed, the employees are not adept or able to use the computers/technology that are supplied to them. The Montville School District is the exact opposite.

The district recently sent the business office and superintendent's office staff to computer training courses. These courses were held at an off-site facility with an extensive training room. They were given "hands on" training in some of the district's software packages. The personnel are also given free support by the training staff if they encounter a problem at work if the subject matter was covered in the class. The cost to the district was approximately \$125 per person, but the employee's increased knowledge and efficiency in the computer system far outweigh the costs. The district should be commended for enrolling its employees in training classes for computers and their commitment to continue to do so as technology changes.

Purchasing and Accounts Payable:

The purchasing system handles about 3,000 purchase orders per year. The system is a manual one, in which the paperwork for a purchase order must manually travel from school to purchasing to accounts payable. The purchasing clerk in the business office also handles computers and transportation and one accounts payable clerk also handles the scrutiny of phone bills, petty cash, and a few other duties. The district only has a few open/encumbered purchase orders which are for routine purchases or payment of bills. The few open/encumbered purchase orders include tuition, transportation, utilities, facilities, salaries, and instructional items.

The district does not have a purchasing manual. It was the feeling of the business administrator and the purchasing clerk that a manual was a "stale" document that would never be read or referred to. As a result, they hold annual meetings before the beginning of every school year with the school administrators and secretaries. In these meetings, the school personnel are reminded of the procedural aspects of purchasing and the rules they are governed by. The school personnel are also encouraged to raise any questions or concerns that they may have. After the meeting is held, a memo is released to all of the school personnel involved, relating all of the information that was covered in the meeting and outlining the procedures to be followed.

Most of the district's purchasing for general supplies is done through a bidding process with the Morris County Educational Services Commission (MCESCOM). A substantial number of Morris County school districts use the services of MCESCOM. Substantial savings had been achieved through the purchasing power of this cooperative (estimated at 40% by the district). The cost to be involved in MCESCOM is approximately \$11,000 per year. Examples of the supplies purchased through MCESCOM include physical education and athletic supplies, audio/video equipment, science supplies, art supplies, and paper.

Prior to bidding to bid general supplies, MCESCOM will send out bid booklets to the district which show what is being bid, asks about quantities needed, etc. The purchasing office then sends the booklets to the schools to identify their needs. The booklets are then returned to the purchasing office, grouped together, and sent back to the cooperative. Bid prices are then obtained and sent back to the school district for their approval. The purchasing office will occasionally spot check the bid prices by calling up state contract figures, local stores, or other sources. An example of this recently occurred concerning paper supplies. The cooperative obtained a bid price on paper for about \$40 per case. The purchasing office then found paper of equal quality for about \$28 per case. As a result, the cooperative re-bid the paper purchase and obtained a quote of about \$24 per case. **The purchasing office should continue its checks of the cooperative's bid quotes, to ensure that the district is obtaining the best prices possible.**

The remainder of the purchasing is processed through a manual process that appears to be cumbersome. Requisitions are initiated by the building administrator after he/she verifies the availability of funds in the appropriate account. The purchase request then proceeds through a series of steps including checks documenting funds are available. Price quotes are required if the purchase amount exceeds \$2,400. If a purchase order is over \$1,000 it must also go to the superintendent for his signature. After ordered and verification of receipt, a process begins for payment of the purchases or services. This is finally approved by the board. Bills are paid monthly.

While no problems were found with the actual purchasing process, a few changes should be considered. As stated, quotes for purchases are required when the purchase exceeds \$2,400. The statutory amount is equal to 20% of the bid threshold. Presently, the bid threshold is \$11,700, which in turn makes the statutory amount equal to \$2,340. **It is**

recommended that the district consider lowering the amount of a purchase to which quotes are required. Although nothing was found to show that purchased prices were high, it would be in the best interest of the district to obtain quotes for as many purchases as feasibly possible, so as to ensure the best price possible.

A second change would be to convert to an automated purchasing process. Presently, a purchase order must move manually from destination to destination. Also, the same information is created twice: once when the requisition is created and once when the requisition is input into the purchasing system. The district has looked into purchasing a site-based purchasing system through its present financial package, but it was found to be too expensive at the present time. The cost quoted to the LGBR team was approximately \$25,000. With this capability, the schools would be given the proper equipment to input the information into the computer system and then send it electronically from destination to destination. The computerized system could be set up with as many security features as needed to ensure the accuracy and completeness of a purchase order (proper funds, necessary signatures, quotes obtained, etc.). Another benefit would be a reduction in the amount of paperwork created by the district. **It is recommended that the district move forward in its purchase of a computerized purchasing system.** The purchase of the system would reduce duplication of typing, reduce the creation of paperwork, reduce the manual movement of the purchase order, and ensure the accuracy and completeness of the purchase order. Although this represents a cost, the district will recoup this expenditure many times over in efficiencies of time and labor plus provide ready access to purchasing data such as status of orders, account balances, and other controls.

An added benefit to the site-based computerized purchasing system would be that it could be set up to include the creation of computerized work orders for the maintenance department. If this were done, the schools would be able to electronically communicate with the facilities manager and track the status the work orders.

Internal Control:

In talking with both the business administrator and the public school accountant, a main theme kept coming up: Internal Control. The office prides itself in separating its duties to ensure accuracy and accountability in as many areas as possible. Some examples include: Any money that comes into the office is collected and counted by one person and then turned over to another person for input into the system and deposit. A receipt is given to the person who counts the money. Another example is that if a reimbursement for an individual comes into the office, usually for tuition or conventions, the paperwork must go through four different people to process the information for accuracy before payment. Recognizing the value of controls, going through so many steps may be overkill and cost ineffective.

A major step in the ensuring of internal controls came about in 1993. During that year, the public schools accountant position became upgraded to its present status when the district changed to the GAAP accounting system. In years prior, it was basically a

bookkeeper type position. With this upgrade came a lot of knowledge and attention to the establishment of internal controls. This position also handles the budget control and accounting work, investments and banking, inputting of cash receipts, maintaining of capital projects, tracking of tuition and convention reimbursements, and other various duties. In essence, the position was elevated to an assistant business administrator level status without the title.

Investments:

Two concerns were brought to the attention of the review team by the business administrator and public schools accountant relative to the district's investment strategy. One was the State of New Jersey's lack of communication when any funds are transferred to the district's bank accounts and the second was the manner in which the Township of Montville turns over the school district's funds to the district.

School officials reported that the State of New Jersey is lax in its communication to the district when it comes to the transferring of funds into the school's bank accounts. In order to maximize its investments, the district needs to know when the State moneys are transferred into their accounts. Currently, the district is in constant contact with the banks, every 2-3 days, to find out if anticipated money has been transferred. This seems to be a waste of employees time and effort as well as a potential for lost interest income since the district may not know about transferred moneys in a timely manner. **The State of New Jersey should create a procedure to contact governmental agencies when State funds are transferred into the agency's accounts or maintain a fixed schedule, in order to maximize investment potential.**

It was also reported there is a problem with the way that the district receives its funds from the Township of Montville. Presently, funds are transferred around the 12th or 13th of each month. Under this arrangement, the district loses the use of approximately 1/2 of the funds within a couple of days due to the timing of the first payroll of the month. It was also reported that during the summer months the district doesn't always get its money by the 12th or 13th. **It is recommended that the municipality and school district create an agreement within the statutes (N.J.S.A. 54:4-75) to change the timing of the transfer of funds to enable the school district to invest the money they are entitled to.**

Unappropriated Free Balance

The unappropriated free balance (surplus) in the Montville Township School District has been a subject of controversy in recent months. Some board members raised concern regarding low levels of surplus funds and recommended various actions including reducing administrative personnel to replenish what was perceived to be a low surplus balance.

The unappropriated free balance in 1992-93 was \$1,237,868. This was considered to be high. The board made the decision in the next three ensuing budgets to return part of the

surplus balance to the next year's budgets to offset budget increases and to reduce taxes. These amounts returned to budget resulted in a free balance of just \$69,634 at the end of the 1994-95 fiscal year. Through an insurance rebate in December, 1995 and unexpended funds, the 1995-96 year ended with a surplus of \$387,293 (unaudited) or approximately 1.5%.

The State recommends a free balance of 3% to 5% with a regulation stating surpluses cannot exceed 7%. Montville Township Schools should continue to closely monitor their surplus and the need for these funds to ensure that funds are available for special and emergency conditions.

Business and Superintendent's Office Staffing:

In addition to the staff identified in the business office above, there are 6 1/2 personnel in the superintendent's office including the superintendent, assistant superintendent and director of special services, three full time secretaries and one part time secretary. Due to the high competency of the clerical staffs of both central offices, current cross training levels within each office and potential technology enhancements within the district, it is suggested that a reduction of clerical staff is possible with a reorganization and redelineation of duties.

If the clerical staff were shared, especially in times of peak workload, and with further cross training between offices, it would be reasonable to recommend the reduction of the two part time positions except in times of critical work load emergencies and when needed to substitute. If this were to happen, the recurring annual savings to the district would be approximately \$10,000 in direct salary costs.
Savings \$10,000

BANKING AND INVESTMENT

The team reviewed the checking and saving accounts maintained by the Montville Township Board of Education for the purpose of identifying ways to improve its interest income and reduce the cost associated with reconciling and maintaining its banking accounts.

During the year 1994-1995, the district maintained 11 checking accounts in Metropolitan State Bank, two accounts with United Jersey Bank and one account in Midlantic Bank. It did not appear that there were any written agreements with the depositories outlining the costs of services, interest rates or special charges.

The chart below lists the accounts by account name, average daily balance for the year, interest rate earned and the total net interest earnings for the year 1994-1995.

Table 3 Bank Accounts

Account Name	Average Daily Balance 94/95	Interest Rate Earned	Total Int. Earned 94/95
General Operating	2,122,818	3.75%	77,231
Payroll	223,611	3.75%	4,334
Payroll Agency	115,123	-	-
Cafeteria	15,777	-	-
Extended Day Learning	149,353	-	-
Lazar Middle School	Not verified	-	-
High School Student Act.	70,453	3.75%	3,222*
Athletics	19,282	-	-
Unemployment	13,979	-	-
Petty Cash	Not verified	-	-
Field Trips	Not verified	-	-
Bond Referendum	Not verified	-	-
Bond Referendum	Not verified	-	-
Lease Purchase	Not verified	-	-

* Bank statements were not provided by the district for July 94 to December 94, The team used an estimated interest based on the year of 1995.

The review team analyzed eight of the fourteen bank accounts and found that only three accounts earned interest for the year 1994 - 1995. The bank provided free services, such as checking, canceled checks, money transfer, as well as paying the district's leasing agreement for the central office computer hardware. In addition, the bank will provide direct deposit and computer services to the district by the end of the year at no charge. If the service charge is taken into account, the effective rate of return will increase from 3.11% to 3.70%.

$$\frac{\text{Service Charge} + \text{Interest Earned}}{\text{Average Daily Balance}} = \frac{\$16,333 + \$84,787}{\$2,730,396} = 3.70\%$$

The team observed that six accounts, payroll agency, cafeteria, extended day learning, Lazar Middle School, athletics and unemployment, having an average daily balance from \$13,979 to \$149,353, were not earning interest income. This caused the district to lose an opportunity to earn more than \$11,757 interest income based on the rate of 3.75%.

In February 1996, The Montville Township Board of Education entered into an agreement with the Metropolitan State Bank for the "Affinity Card Program". Under this program, the bank may issue Visa Cards to customers within Montville Township and the surrounding area bearing the trade name and /or trademarks of the board. The district will earn .05% of interest earned on 6.99% account balances for six months and thereafter

1.00% of interest earned on 9.75% account balances, which is equivalent to an effective rate of return of less than 0.1%. The district also will receive one half the net profit on interchange income generated by the use of a Gold Visa Card issued under the program. This Affinity Card Program will generate an estimated income of \$20,000 for the first year. The revenue will go for promoting the district's computer technology . The projected district cost for this program is \$7,232 for the first year. In 1996, Metropolitan State Bank will waive or absorb banking fees of \$23,565, which will include among other items, payment for the district computer system and the cost of the Affinity Card Program.

The team compared the total interest earnings and the interest rate from the Metropolitan State Bank to what the district would have been earned if the board had invested with the Cash Management Fund of the State of New Jersey or a bank ("Bank A") with a daily sweep account arrangement, as shown below:

Table 4 Comparison of Potential Interest Earnings

	Average	Metropolitan		Cash		Bank "A"	
	Daily	Int. Earned		Management		Sweep A/C	
Account	Balance	94-95	%	Proposed		Proposed	
				Interest	Avg. %	Interest	Avg.
<u>%</u>							
General Operating	2,122,818	77,231	3.75	108,901	5.13%	112,509	5.30%
Payroll	223,611	4,334	3.75	11,471	5.13%	11,851	5.30%
Payroll Agency	115,123	-	none	5,906	5.13%	6,102	5.30%
Cafeteria	15,777	-	none	809	5.13%	836	5.30%
Extended Day Learning	149,353	-	none	7,662	5.13%	7,916	5.30%
High School Student Act	70,453	3,222	3.75	3,614	5.13%	3,734	5.30%
Athletics	19,282	-	none	989	5.13%	1,022	5.30%
Unemployment	13,979	-	none	717	5.13%	741	5.30%
Add: service charge:		16,333		0			0
Min. required Bal.		No		No		Yes	
Total	2,730,396	101,120 *		140,069		144,711	

* - Adjusted interest income reflected by the bank's payment of hardware and equipment for the central office of the district, as well as other bank charges.

Based on the above comparison schedule, it shows that the district has the opportunity to potentially earn additional income from \$ 37,133 to \$41,775. The Metropolitan State Bank has the lowest earned interest rate as compared with the Cash Management Fund and example Bank A.

The team suggests that the district consider looking at the Cash Management Fund of the State of New Jersey as a possible investment opportunity. It provides a basis for comparison. The Cash Management Fund of the State of New Jersey is one of a number of investment funds approved by the Division of Investment of the Treasury Department and placed under the jurisdiction of the State Investment Council. The fund was

established in 1977, when legislation was enacted which permitted New Jersey municipalities and other public entities to participate in the Fund. The purpose of the Fund is to provide a convenient and economical means of investing short-term funds at the best rates available for prudent investment.

Recommendations:

- 1. The board should endeavor in its negotiations with the Metropolitan bank and other banks serving the district to increase the interest earning rate by at least 1% to be competitive with other funds. The board should restructure most of its bank accounts to improve the interest income or look into other investment opportunities.**
 - **If the board would be successful in negotiating on additional 1% in interest earnings, the district could enhance its earnings by about \$38,000 to \$43,000.**
- 2. The district should consider obtaining written proposals concerning the handling of all depository accounts and banking service.**
- 3. Establish the consolidated payroll account as a zero balance account. This account serves as a clearinghouse for tax payments, payroll checks, etc. The average low balance in the payroll and payroll agency accounts were \$28,931 and \$8,560. It may be possible to return this money to the general account fund balance since a zero balance account does not require a minimum balance.**
- 4. An annual review of account activity should be conducted and relative pricing of banking services should be compared. This will prove to be a valuable tool in planning for future investments. as well as negotiating new banking agreements.**
- 5. All accounts carrying a balance should be interest bearing accounts.**

Total Savings \$38,000 - \$43,000

CUSTODIAL AND MAINTENANCE SERVICES

The custodial and maintenance department is staffed by a facilities manager, one part-time clerical person, one working maintenance foreman, five maintenance workers, and 27 custodial personnel. These personnel serve the 410,100 square feet (exterior measurement) of the seven school facilities and board offices and the accompanying 150 acres of playgrounds, wooded areas, and athletic fields. The maintenance personnel are directly supervised by the facilities manager, whereas the custodial personnel are directly supervised by the school principals with limited oversight from the facilities manager. The facilities manager is also responsible for the custodial and maintenance purchasing and inventory control, capital improvement oversight, Right to Know requirements, medical waste disposal, yearly school facility evaluations, etc. Each of the custodial and maintenance personnel are required to obtain their Black Seal License within their first 6 months of employment with the district. Once it is obtained, custodial personnel receive a \$417 annual stipend and maintenance personnel receive \$500.

The custodial and maintenance department is responsible for all of the custodial services, plant operations, light maintenance/repair, small capital improvements, grounds upkeep, except for spraying and fertilizing, and other miscellaneous or seasonal duties (ex. snow plowing of parking lots) within the school district. The district tries to keep as much work as possible "in house", but they will sub-contract out major construction work, any new electrical installation, major vehicle/equipment repair (ex. clutches, transmissions), most air conditioning work and so forth.

In visiting each of the facilities, it was observed that they were kept clean and were well maintained. There is an extensive maintenance plan that was revised in 1995 which has an exhaustive maintenance schedule and checklist and a comprehensive five year plan. The facilities manager is keeping the custodial and maintenance personnel to these prescribed schedules.

Cost of Providing Custodial Services:

The custodial personnel are maintaining an interior area of approximately 389,595 square feet (410,100 exterior sq. ft. x .95). This interior square footage is on the conservative side since the interior square footage of the buildings were not readily available. As stated, the buildings are kept clean. It appears, however, that this level of cleanliness is being given at a costly price. During the 1994-1995 school year, custodial services were performed in the district at a total cost of approximately \$935,000 or \$2.40 per square foot (see Table 5 below --- benefits are derived using average costs and O/E is estimated conservatively). The LGBR program has determined from school district contracts, that entire custodial services, including supervision, clerical, supplies, start-up costs, etc., can be provided at approximately \$1.75 to \$1.95 per square foot. According to American School and University's standards, this service can be provided for an average of \$2.11 per square foot.

As the table shows, **if the district were to reduce the cost of custodial services down to the American School and University's standard of \$2.11 per square foot, the district would realize annual savings of approximately \$113,827.** Getting the district's custodial services costs down to a standard price does seem feasible, since during 1994-1995 district custodians averaged 14,429 square feet cleaned per custodian which, according to LGBR sources, is well below the standard average range of 18,000 - 30,000 square feet cleaned per custodian. The table shows that to get to the standard cost per foot, 3.54 positions could be eliminated. If 3.5 custodial positions were eliminated the district would save approximately \$121,327 annually and bring the average number of square feet cleaned per custodian up to 16,579. The 16,579 square feet per custodian is still on the low side of the standard range. In determining possible staffing reductions, the district should reconsider the number of day custodians that are scheduled at the high school and middle school.

Another option is to completely contract out the custodial services within the district. If this were to occur, the district could again realize the entire \$113,827 in annual savings.

Recurring Savings: Between \$113,827 and \$121,327 annually.

FACILITIES/CUSTODIAL - 1994/1995[illegible]

Cost of Providing Maintenance Services:

Unlike the custodial services, the maintenance services are within the standards of square feet per maintenance personnel. However, the district's costs are on the high side when compared with contractor costs. The LGBR program has determined contractor pricing to be about \$42,200 per maintenance personnel, while the district's maintenance cost is approximately \$44,000 per maintenance personnel (see chart --- includes salary, benefits, and oversight, **but does not include other expenses**). This difference calculates that the district is paying approximately \$10,800 too much for maintenance services.

Currently there is a working foreman within the maintenance department who does approximately 90% of the maintenance supervision. This person reports directly to the facilities manager. This working foreman position has a base salary of \$53,185, which is \$5,077 more than the facilities manager's base salary. This difference in salary is due to the fact that the facilities manager has only been with the district for two years, while the working foreman has been with the district for 27 years. The review team feels there is no need for a working foreman with only a crew of five other maintenance personnel. The facilities manager is capable of providing this supervision.

It is the recommendation that the position of working foreman be eliminated. Replacing this position with a regular maintenance person at or near the beginning of the maintenance salary guide would result in a recurring annual savings of \$30,000 and bring district costs well within normal ranges. This could be accomplished through attrition at the time of retirement or should the foreman leave the district.

Recurring Savings: Approximately \$30,000 annually.

Other Cost Savings Initiatives:

Along with the cooperative efforts, the board of education is not afraid to determine whether they are getting the best price for the service being provided by the in-house personnel. An example of this was seen in the cutting of the athletic fields. The district thought that cutting the athletic fields with in-house personnel might not be cost effective. As a result, they put out a bid on the service. When the bids came back, they were in excess of \$40,000. The board determined that it was in their best interest to keep the service in-house, since they can keep a full-time maintenance person on staff for about the same cost. Nevertheless, the board of education should be commended for its willingness to determine whether they are getting the best value for the taxpayers money.

ENERGY MANAGEMENT

Recently, the district went into an energy management agreement with Honeywell Energy Management Systems. The nine year program was instituted in early 1996 at no cost to the district. Honeywell came in and retrofitted all of the boilers, adjusted the univents, put in a monitoring system for the heat, and relamped two of the schools completely and all of

the schools' gymnasiums and all purpose rooms. Due to the recent institution of the agreement, there have been no real savings to the district to this point, but there is a guaranteed \$99,000 savings in energy costs each year. The Montville School District should be commended for its seeking out these cost savings measures.

Recurring Savings: Approximately \$99,000 annually.

BUILDING SECURITY

The custodial personnel are responsible for the security of the building by controlling each of the school's alarm systems. They must assure that all of the doors and windows are secured and the alarm systems are engaged. Along with keeping the buildings secure, however, the alarm system is also used in an innovative manner by the facilities manager. The facilities manager is able to run a report on the alarm system to see when it was engaged in the evening and disengaged in the morning. With this data, he is able to spot check the work days of the custodians, by comparing the alarm system's report to the custodians' time sheets which are submitted to the payroll office.

Due to the large variation in the times that custodial staff are in each building, it is basically impossible to ensure that custodial staff start on time and leave on time. The district should be commended for its innovative usage of the alarm system to ensure a full day's work from its custodial staff.

The district also uses its alarm system to ensure that expensive equipment is not stolen from the schools. Each of the computer instruction rooms has a separate alarm system which secures the computer equipment each night. The LGBR team was also told that custodial staff will also place some of the more expensive audio/visual equipment in the computer instruction rooms as well to ensure their security.

VEHICLES

The board of education presently has seven vehicles and a number of pieces of large equipment. The vehicles include three vans, three pick-up trucks, and one Mason dump truck which is used to haul equipment to different schools and remove miscellaneous objects. One of the vans is exclusively used by the facilities manager and another is used by the district's courier. The remaining five vehicles are used by the six full-time maintenance personnel. **It is difficult for the LGBR team to assess whether the number of vehicles for the maintenance personnel is excessive, however, a ratio of nearly one vehicle to one maintenance person appears to be so. The board of education should do a review of the vehicles assigned to the maintenance department to verify the need for these seven vehicles. The township has expressed a willingness to cooperate in times of need with their vehicles.**

FACILITIES

If there is an area of Montville Township Board of Education that warrants immediate attention it is facilities. The growth of the township has not been adequately addressed in the schools leading to a shortage of classrooms. The district has had to reallocate space in order to accommodate the growing number of students. This led to the dismantling of the computer classrooms in the elementary schools, the renovation and expansion of Lazar Middle School, the relocation to a rental space of the administrative offices and the renovation of Woodmont School. Seven new classrooms were opened for the 1996-97 school year.

The district recently hired a consulting company to more accurately predict the population growth of the schools for the next few years. The study indicated that elementary population should increase from 1,431 + 36 special education in January 1996 to 1,831 + 36 in 1998-99 using a three year enrollment history. This indicates that the district will need an additional nine classes in the elementary schools. The population of the district is projected to increase from approximately 3,000 in June 1996 to a total 3,943 based on a cohort model for the school year 2000-01. This is almost a 33% increase in student population.

The last facility plan dated 1994 did not take this fully into account. The district is in the beginning stages of formulating another five year facility plan in order to account for the growth that has recently taken place. Although the district has made room for students with the addition of seven regular classrooms through dismantling of the computer classrooms and movement of the board offices to another location, they still need additional space to keep up with the growth of the township. The proposed addition to Lazar of eight classrooms is a good start. However, even this plan is short sighted in that it did not provide special education classrooms to allow for the return of out of district special education students at the middle school level.

The district has several temporary options that it can employ rather than relying upon construction of new facilities or additions as its only option. The review team believes that the district should look at all options recognizing that construction of new facilities is very costly. The team looked at several possibilities at Valley View School and suggests that the district consider the following precepts:

Valley View school currently has 26 classrooms of approximately 1000 sq. feet each including one art classroom; two music classrooms; and five specialty classrooms, i.e. special education, speech and basic skills. This reduces the number of regular classrooms to 18. Also the school has a beautiful large library which occupies the space of theoretically four classrooms.

If the district would consider that these classrooms may be oversized considering current student/teacher ratios classrooms of 1000 square feet may be larger than needed. Temporary partitions can be employed to effectively reduce the classroom size to 700 square feet and increase the number of regular classes from 18 to 24 -

26. This can usually be accomplished at less cost than custom building additions to the building. Also the district can dismantle the library and convert it to four classrooms, moving the library upstairs into two large sized classrooms and taking down the drywall partition.

Alternatively and additionally, pre-fabricated additions can possibly be added to at least three of the schools, Valley View, Cedar Hill and possibly William Mason (by the old playground on the lower level). These units are designed to specification, rest on footings and appear and function the same as custom construction. They are drastically improved compared to the old trailer concept. They include HVAC, carpeting, student furniture and chalkboards. They are made off-site and can be acquired through a lease purchase arrangement and/or through bonding.

CLASS SIZE

Related to the facilities/instructional space issue is that of class size. In March, 1994, the board of education adopted Policy # 2221 entitled "Class Size" and subsequently revised it in May, 1995. It supports a philosophy of stressing the importance of "teacher / student interaction" and class size as "an important aspect of an effective educational environment." In adopting the policy, the board went beyond the recommendations of the administrative staff in setting minimum / maximum class size and providing aide support to classroom teachers. It is the position of the review team that this Policy # 2221 should be reviewed as inappropriate and costly.

Policy # 2221 provides, in part, the following:

1. Kindergarten
 - an aide for 15 hours per week to all classes regardless of size
 - an aide for 19 hours when the enrollment reaches 20 students
 - divide the class into two when enrollment reaches 24 (Title 18:A sets a maximum class size of 25 students for kindergarten with a permissive class size of 29 with an aide and county superintendent approval. There are no limits to class size in other grades except for special education areas in Title 18:A)
 - divide the class into three sections when the enrollment reaches 47 students
 - provide an aide full time if a class reaches 24 students and space is not available for an additional class
2. Grades 1-3
 - an aide for 15 hours per week when the enrollment reaches 22 students with the provision of dropping the aide if it falls to 20 students
 - divide the class when it reaches 24 students and into three sections when enrollment reaches 47 students
 - provide an aide for 19 hours per week if space is not available to divide the class when it reaches 24 students
3. Grades 4-5

- divide the class into two when the enrollment reaches 26 students and into a third section when the existing two reaches 26 students each
4. Grades 6-12
- policy addresses minimum and maximum sizes depending on program / subject ranging from 10 to 30 or number of work stations
 - permits exceptions to minimums based upon principal / superintendent recommendations

In 1995-96 the district employed 26 classroom aides at a cost of \$188,921. Twelve replacement and/or additional aides were approved at the July 16, 1996 board meeting. It was reported there are several classes at the high school that are below minimum class size. Examples of this are in the world languages classes where German III had five students and German IV had just two students.

Elementary principals stated the policy is too rigid and does not allow for principal recommendation and discretion. Often class needs, make-up and “personality” as well as teacher capability can determine that it is unnecessary to divide classes or provide aides. The principal’s professional judgment, space priorities and budgetary impact are not considered.

A review of district class size enrollments indicates that with the exception of Lazar Middle School, the Montville schools were well below state averages. State average class size is 21.9 students for elementary and middle schools and 21.1 for high schools. Montville schools class sizes according to the New Jersey Report Card were 20.5 for Cedar Hill, 16.8 for Hilldale, 19.1 for William Mason, 18.9 for Valley View and 18.3 for Woodmont schools. Lazar School had 23.5 students per class and the high school had 19.4. District figures at the close of school in June reflected 21.6 students per class for Cedar Hill, 18.3 for Hilldale, 19.0 for William Mason, 21.3 for Valley View and 19.1 for Woodmont. With this, the district added seven new classes for the 1996-97 school year.

Based upon enrollment projections, the student population in grades K-5 will increase by 400 students. The schools as currently constituted will encounter considerable difficulty in handling the projected increase, especially if the class size policy remains in force as it exists. In addition to facility changes as proposed above, a revision of Policy # 2221 is recommended.

Specifically, the review team feels it is not necessary to provide an aide for every kindergarten class. Perhaps a part time aide is warranted for a kindergarten class over 20 students. The LGBR cannot support the provision of aides for grades two and three as outlined in the policy. Again, perhaps one is warranted in grade one for classes over 22 students as stated in the policy. By LGBR calculation 15 aides could thus be reduced out of the 26 employed. If just half the aides were eliminated, approximately \$94,000 would be saved.

The LGBR also does not agree with the policy provisions to divide the classes at the levels stated. Class size should go into the upper twenties before this is considered and it should not be automatic. Those professional judgment considerations of the principal and teacher who know the class best and the superintendent when weighing all options should have a decisive role. Class make-up, teacher capability, space availability in the building and in other schools in the district and other important factors close to the situation should be included in the decision making process. The policy must be revisited and revised to allow for the decision making process of the professional educators to be the determining factor in dividing classes, not just a policy number.

The high school must take a hard look at classes that have fewer than 10 students and others that are larger than 10 but small enough to consider other options of instructional delivery. Use of interactive television with other districts, combining classes with other districts with like enrollments in similar classes, merging classes into one such as German III and IV and merely dropping classes due to insufficient enrollment must be considered. A critical study of high school offerings and class size as suggested could result in considerable savings of salary dollars and free up instructional space as enrollments increase.

Savings \$94,000

TRANSPORTATION

Montville Township has a major dilemma regarding the transportation of its students. Much of the township consists of hilly terrain with narrow and winding roads. Lacking shoulders and sidewalks, the community feels these roads are unsafe for students to walk to and from school. The township committee will not declare the roads as hazardous for they are not so for vehicular traffic and to do so would place the township in a situation of potential liability.

In April, the township passed a budget cap waiver of \$535,000 to permit courtesy busing of its students. Courtesy busing is defined as transporting elementary students who reside within two miles of their schools and secondary students who reside less than 2.5 miles from their school. State code sets these limits and the district is not funded for transporting students within these limits.

The vast majority of students in Montville Township are transported regardless of distance from their schools. More than half of the 3000 students receive courtesy busing. 1,577 are provided with courtesy busing compared with 948 who are remote (more than State limits) from their school and receive funded transportation. The remaining students walk or are transported to out of district special classes.

The review team observed bus routes and noted that students are transported “door to door” rather than to collective bus stops. One bus was even observed making a “K” turn in order to provide a direct drop of four students in front of their homes. This occurred even though these students would have walked less than one block from where the bus

should have turned. Other students were observed being dropped across the road from, next to and directly behind their schools. This door to door and close proximity delivery of students is extravagance at its best.

Another observation made by the review team is that many of the buses run half to nearly empty. This is particularly true at the high school where many of the students drive their own cars to school or ride with those who do. All of these students have assigned seats on various bus routes. One bus, for example, transported just one student home while another had only six students on it. Each of these buses hold 54 students. It was also noted at Hilldale School that many parents drive their children to/from school daily rather than use the bus service or parents have their children walk.

The LGBR believes the whole transportation system of the Montville Township Schools must be revised. The team has numerous recommendations on how to do this that would result in major financial savings to the township. Not to consider these recommendations would be a disservice to the taxpayers of Montville. The cap waiver was passed as a result of a heavy voter campaign by the parent organizations and a high voter turnout. The township committee supported this cause in the belief that if they did not they would ultimately have to fund courtesy busing from the municipal budget. There are options as found in the recommendations to follow.

Recommendations

Within the past year legislation was passed to permit subscription busing. Subscription busing gives parents the option to pay for transporting their children to/from school when residing within the two/two and one half mile limits. The LGBR supports the concept of subscription busing having the user pay for the service. With the average bus route costing about \$14,000, parents would pay approximately \$260 per year or \$130 per semester for bus service. Those who opt not to use the service would, of course, pay nothing.

The first recommendation is, therefore, to totally eliminate courtesy busing at a savings of \$535,000 and offer subscription busing in its place. Parents who choose this option would pay their share of the route cost in two payments; one prior to the opening of school in September for the first half of the school year and the balance in January for the second half. Parents would have to make a contract commitment before the close of school in June or at time of registration for the 1997-98 school year in order for the district to plan and bid the bus routes required.

Even if actual savings to the board were only 85% to allow for some buses not filled to capacity and for other unforeseen expenses for subscription services, \$454,750 would be saved. Costs for children eligible for free/reduced lunch could be provided free ridership and families with three or more children could be given a reduced rate after paying the full cost for the first two children.

Savings \$454,750 to \$535,000

High school students who request a parking permit (all high school students who drive to school should register their vehicle with the school and be given a parking permit) should then be required to forfeit their seat on a bus. This would reduce the number of buses required to transport high school students. If half the seniors or an equivalent number of those with licenses to drive applied for parking permits, the district could eliminate two bus routes for a savings of approximately \$28,000.

Savings \$28,000

Other routes could be reduced and consolidated for additional savings due to low ridership and insufficient routing. St. Pius routes can be merged into two routes and courtesy busing can be eliminated for these students for a savings of about \$26,000. The small capacity bus at William Mason school could be merged with larger buses for a savings of \$13,700. The 54 passenger buses could be rerouted for an additional \$28,000. The team feels the high school routes could be reduced by two before even implementing the parking permit reduction plan for a savings of another \$28,000. The team feels the small Woodmont route could be merged with other routes for a savings of \$19,900. These savings are based upon 1995-96 routes and are subject to enrollment or other changes for 1996-97.

Savings \$115,000

The district also has the option of expanding its walking areas. A number of students in the Woodmont and Hildale neighborhoods receiving bus rides could walk safely. Also, small sections of sidewalks and/or crossing guards could be placed at Valley View, Mason and Cedar Hill Schools to increase walking areas. The township is willing to support these actions and fund them. For example, a crossing guard placed at Cedar Hill School to cross students at Pinebrook Road would eliminate the necessity of transporting all of the students in the High Ridge Housing development. Similarly, crossing guards could be placed at Horseneck Road for Valley View School and at Shawnee Trail for Mason School students. The costs to the township would be quickly offset by the reduction of bus routes.

The district should discontinue all individualized door to door stops. Picking up and dropping at collective stops would result in more efficient routing in both time and distance. This too should reduce the costs of the bids.

The district should package its bids where possible into triplets - one for the high school, one for the middle school and one for the elementary school(s). The bus contractor is currently packaging the routes in this manner saving large sums by using just one bus and one driver to run three routes back to back since the schools time schedules are staggered. If this were bid as a group with just six routes (two for each level and combined) savings would be approximately \$36,000.

Savings \$36,000

Total Transportation Savings \$634,350 to \$714,600

FOOD SERVICE

Food service has been privatized in the Montville Township Public Schools for more than fifteen years. Aramark Educational Service, inc., a Delaware corporation, provides management services for the food service operation. The Local Budget Review Team conducted an extensive review of the district's food service program. Interviews were conducted with the food service director, and school kitchens and cafeterias were visited. Montville Township school has two production kitchens located at the high school and middle school. The district does not have a formal food service program in the elementary schools. Aramark serves lunch for the high school and middle school and for various special events.

The food service contract with Aramark is renewable annually. Cafeteria staff in the two schools are employed by Aramark. In 1994-95, the administrative and management fees charged by Aramark were \$16,899 and \$11,830. The fees are based on the number of meals served (administrative fee is \$.045 and management fee is \$.030 per meal).

In addition, the vendor charged Montville Township Board of Education for all other costs incurred such as salaries, benefits, supplies and materials, and cost of sales. All moneys remaining is returned to the district. The per meal price was \$1.85 for student and \$2.60 for adults in 1994-1995. The per meal price was \$2.25 for students in 1995-96.

Table 6 Meals Served

Class A Lunch	<u>1994/95</u>
Paid	60,814
Reduced	573
Free	<u>3,331</u>
Total class A Meals (\$1.85 per meal value)	64,718
*Equivalent Meals (adjusted from \$1.00 to \$1.85 per meal value)	148,220
 Total Meals (adjusted)	 212,938

Total Salaries and Benefit per meal	0.85
Other cost per meal	<u>1.19</u>
Total Cost per Meal	\$2.04

% of Salaries and benefits per meal 41.66%

*** The team used \$1.85 for equivalent meal cost instead of \$1.00 stated by Aramark as explained below.**

During 1994-95 school year, a total of 337,989 meals were served including class A, a la carte and special function meals. 64,718 meals were class A meals, which is the basis for calculating State and Federal reimbursements. In addition, 273,271 equivalent meals were served. Equivalent meals included a la carte meals, adult meals, special function

meals, and children's special milk. Equivalent meal costs are calculated by taking each dollar of income from all food items purchased outside of class A meals. Administrative and management fees are then assessed to each of the above dollars. This method of calculation could bring the food services company an additional \$9,379 in revenue while adding expense to the district's costs. The team believes that the equivalent meal value of \$1.00 should be raised to the same as the value of a class A meal of \$1.85, thereby providing the district substantial savings.

The audit report did not detail the costs of food for parties or special events, therefore, the actual cost per meal is difficult to determine. In order to get the best estimate for the per meal price, the team adjusted the total number of equivalent meals from 272,271 to 148,220 by changing the equivalent value from \$1.00 to \$1.85. The adjusted cost per meal was then \$2.04 for the year 1994-95 (total expenses of \$433,092 / total meals 212,938).

The food service contract states in section 13E: Aramark guarantees that the district's total food service costs shall not exceed gross receipts for the current year). However, the reimbursement condition is not clearly stated and is arguably unclear, especially in sections 13E3-(ii) for number of service days and 3- (iii) for student enrollment. The number of food service days may change due to snow days. Also, the total number of students enrolled may change due to student moving in/out of the district during the school year.

The elementary schools do not have kitchens. Most of the students bring their lunch from home. Every Friday, one of the PTO members and 15 volunteer parents provide a hot lunch program. They sold lunches to the students ranging in price from \$.50 to \$2.00. Lunches are bought from outside vendors or prepared by the parents. Meals such as pizza, tacos, hog dogs, ziti etc. are served. The PTO pays for lunch for the students who qualify for free milk. The profit that was generated by the PTO is contributed back to the school when needed for items such as building a playground or buying computers or supplies for the district. During lunch time, teachers serve on lunch duty to supervise the students. This is part of their responsibility as listed in their contract. In addition to the teacher on duty, a part-time classroom aide was hired to work one hour in the lunchroom and three to four hours per day in the classroom. The district paid the aides \$10.00 to \$12.00 per hour. These lunch hour costs are not counted toward the total district food service costs.

According to the CAFR and budget guidelines, if a district receives state and/or federal reimbursement for food service costs or collects fees from students for the cost of meals, the entire food service operation activity must be recorded in an enterprise fund and not in the general fund of the budget. Any contribution made by the board toward the food service operation is reported as one lump sum transferred to cover any deficits. These costs should not be included elsewhere in the budget. However, if the full cost of the operation is funded by the board, the expenditures should be categorized and reported in the general fund.

The Montville Township Board of Education received state and federal reimbursements (before 94-95) and collected fees from students for lunches. Therefore, the entire food service operation should have been recorded in the enterprise fund and so reported. Enterprise funds are used to account for operations that are financed and conducted in a manner similar to private business enterprises with the intent that the costs of providing goods or services be financed through user charges.

	Table 7	
	1993-94	1994-95
<u>Income</u>		
Daily sale	\$338,872	\$368,108
Other Income	14,309	24,462
Non Operating Revenues	42,726	39,283
Total Income	395,907	431,853
<u>Operating Expense</u>		
Cost of Food	180,824	203,760
Supplies and Materials	26,745	28,118
Salaries	141,415	151,402
Employee Benefit	36,918	29,423
Depreciation	3,409	3,490
Purchased Property Services	16,913	16,899
Total Expense	406,227	433,092
<u>Profit/(loss)</u>	(10,320)	(1,239)

In 1995-96, the district withdrew from the child nutrition program due to the number of qualified participants being less than five percent of the school enrollment (N.J.A.C. 6:20-9.6). The district is currently paying all the costs for those student who qualify for free or reduced lunch.

In the coming year, the district is going to renovate the Lazar Middle School. The production kitchen and the cafeteria are part of this renovation.

Recommendation:

The district should consider re-bidding this service rather than operating on an automatic annual renewal for the food service contract. The district should require the program to operate at a profit and restructure the formula to calculate the total number of equivalent meals.

Estimated revenue enhancement: \$9,000

TECHNOLOGY

Business Office

The district has done several things with technology to enhance the efficiency and productivity of the district. The business office has a completely integrated computer system with service provision at a comparable cost of just a payroll system. The addition of the position of public school accountant to the staff enhanced the ability of the district to fully utilize the capabilities of the accounting system. The team was also impressed with the training of the staff by an outside vendor to enhance their computer literacy in the board offices.

The business office is considering the installation of a purchasing system that will permit the entry of requisitions at the schools rather than the duplicative process in place right now. The team supports the concept of the purchase of the system, however believes the estimate for the network could be accomplished at a lower cost than the vendor suggests if the project is bid as two separate projects. The installation of the LAN should be to specific requirements of the computer software package needs. The estimated cost of the requisition system and installation of the network and upgrading the computers to a newer operating system is thought to be \$3,500 and \$25,000 respectively. The estimated saving by bidding the hardware separately would be approximately \$2,500 - \$5,000 from the estimated price of \$25,000.

All of the business computer records should be prepared for the Year 2000 conversion that is quickly approaching. The business office should prepare for this contingency now to avoid the possibility of lost data and higher expense in the future. This involves checking both the hardware and software for the ability to handle the requirements of the date transition. The software company proports to be capable of handling this.

Student Records, Transportation and Attendance

The school has a student records automation process in place which is an integrated database for all student related records including class scheduling, health, attendance and grading. The guidance department at the high school upgrades and maintains this system. The users group in the area relies upon the "expert" at the high school as their resource for the product. The district is utilizing the system in the high school but hasn't migrated the system to the middle school. The district should consider utilizing the software in the middle school to alleviate the pressures of requiring manual scheduling of the middle school. The district could benefit by allocating personnel in a more effective manner by automating the guidance and attendance functions in the middle school.

Computers in the Classroom

The district has recently dismantled the computer classrooms in the elementary schools due to an ever pressing need for classroom space in the schools. The district used to have staffing levels of two computer teachers in the elementary schools (now reduced to one); one computer teacher in the middle school and several teachers teaching computer technology in the high school with assorted labs found in the high school for science and reading. The music and drafting rooms in the high school also use computer technology

for their appropriate disciplines. The yearbook is now in-house computer generated as well.

The district had recently hired a computer technician who has saved the district money by keeping the machines in good repair by a variety of techniques including buying refurbished parts for the older machines rather than new parts from the manufacturer. This technique results in savings in repair and maintenance costs compared to the old method of contracting out for the service and paying for the service by the hour. Although the study was dated three years ago, the district is of the belief that the addition of the computer technician has added value compared to contracting out for the service due to the number of machines that need to be attended to. This is in direct contrast to the board's office which has only a few machines and contracts out for service on those machines at a cost of approximately \$6,300 per year.

Recommendations:

- 1. The board should consider elimination of the service contract for computer hardware at the board offices and enhance the utilization of the computer technician for both the school and the board offices. Total Savings \$6,300.**
- 2. As stated earlier, the team supports the concept of automating the requisition and purchase process. By separating the hardware purchase from the purchase and rental of the software the team estimates savings of approximately 10-20% in hardware costs by bidding the packages separately to the specifications set up by the software. Total Savings \$2,500- 5,000.**
- 3. The district is implementing a policy of dismantling the computer classrooms in the elementary schools. The teachers should be offered training after hours on their own time in computer usage. The team has seen this approach used successfully in other districts. This enhances a teacher's ability to utilize resources and other districts have offered this option on the teacher's time. This would lend support to returning machines to the classroom.**
- 4. The district has both IBM and MacIntosh computers in the district. The MacIntosh platform supports several automated lesson plan software packages for under \$1,000 for a district and less than \$100 per individual package. The Windows platform supports this as well for a little less money. It is recognized that the teachers' administrative time could be enhanced by cutting down on paperwork associated with lesson plans. It is also recognized that the programs are not custom made and do have their limitations as well as a learning curve associated with familiarization with the software purchased. The team believes that the district should try several of these packages on a trial basis individually and evaluate them. This could be accomplished by engaging several teachers who would enjoy experimenting with the possibilities of the technology in order to enhance their own computer skills at minimal cost to the district. Total Savings \$8,500 to \$11,000**

SPECIAL EDUCATION

The Montville Township School System has a special education program with 387 classified students in 1994 -1995, including 101 students who are classified for speech only. Excluding speech, of the remaining 286 students, 247 are educated within the district (59 in self-contained classes, and remaining 188 in resource rooms). The other 39 special education students (as of October 15, 1994) were sent out of the district to both public and private educational centers. The three years distribution of special education students are as follows:

Table 8

1993/94	1994/95	1995/96	
Sp. Ed.students on roll full time	59.0	55.0	57.0
Sp. Ed.students on roll shared time	1.0	1.0	.0
Sent full time	16.0	13.0	14.0
Sent shared time	.0	.0	1.0
Sent private school	17.5	23.0	22.0
Regional day school	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Total out-of-dist. Sp Ed.	36.5	39.0	40.0
Received full time	1.0	3.0	3.0
Resource room	68.0	188.0	190.0
Speech instruction	235.0	101.0	120.0
Total special education	400.5	387.0	410.0

The source of the above information is the district's ASSA report.

In-district students are served in eight self contained specialized classes and 11.5 resource centers. It was noted that the district declassified 10 students returning them to regular education classes during the 1994-95 school year. This is the ultimate goal of special education and the district is commended for this action.

Students are usually sent out-of-district due to the extent or nature of the disability, placed by court adjudication, and/or due to space limitations within the district.

Table 9

School Type	Number of Students	Estimated Average Tuition Per Pupil	Estimated Average Transportation Cost Per Pupil	Estimated Average Cost Per Pupil
Private	30	\$24,115	\$10,183	\$34,298

Public	12	20,949	10,183	31,132
Regional Day	2	30,025	10,183	40,208

The data source is the district for the year ending June 30, 1995. The total number of students for out-of-district special education differs with the ASSA report by five students due to transience during the year.

The average cost-per-pupil for out-of-district special education student is \$23,520. The district's overall cost-per-pupil (Pre-K to 12) is \$9,879.

There are three special education students from other districts attending classes in the Montville Township District on a tuition basis. The tuition for grade one is \$11,228 and pre-school is \$8,120. Since the average cost per student in the district is \$9,879, the district has a total cash flow loss of \$2,169 for receiving these three students. See table 10 below for calculation:

Table 10

	Grade	Tuition Rec.	Dist. Avg. Tuition	Gain/(loss)
Student #1	1	\$11,228	\$9,879	\$1,349
Student #2	Pre-K	8,120	9,879	(1,759)
Student #3	Pre-K	8,120	9,879	(1,759)
	Total	27,468	-	(2,169)

Efforts are being made at this time to provide as much in-district placement of special education students as is deemed feasible and cost-effective. Special education students are not sent out-of-district unless the district is unable to provide an appropriate level of education. Yearly assessments are made to the special education population and its needs.

Montville Township School District presently maintain seven self-contained special education classes, distributed among five schools to provide instruction for over 60 special education students.

In an effort to help the Montville Township District identify ways to control costs for self-contained special education classes, the review team compared whether special education classes were at full occupancy. As shown in Table __, the review team finds that the district should be able to return eight students back to the district. A maximum of 40 additional students could be educated within the district without hiring any teachers or aides.

Table 11

Age	# of	Allowable	Allowable	# of student To Return
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School	type	Range	Aide	Students	Capacity	Space	To District
Valley View	PI	5-7	No	7	12	5	-
Valley View	PI	7-9	No	6	12	6	-
Valley View	PI	9-11	No	6	12	6	1
Lazar	PI	10-12	No	8	12	4	2
Lazar	PI	12-14	No	6	12	6	2
Wm. Mason	PSH	3-5	Yes	8	8	0	-
Wm. Mason	PSH	3-5	Yes	7	8	1	1
Lazar	PI	14-18	No	7	12	5	1
Lazar	SM	14-18	No	5	12	7	1
Total				60	100	40	8

The review team recognized that differences in age grouping or other legitimate circumstances may preclude the district from filling every special education classroom to capacity or that special situations may exist as a result of analysis completed by child study teams(CST). The team also realizes that " allowable capacity" means "maximum" number of students, not "recommended" number of students. However, it is imperative that the district continue to carefully scrutinize this matter every year and be certain that resources within the district are utilized to the fullest extent possible.

NOTE: Special education classification indicated above are as follows:

PSH - Pre-school Handicapped
SM - Socially Maladjusted

PI - Perceptually Impaired

The district has two and one-half child study teams serving the enrollment total of 3000 students. Based upon State ratios to enrollment and to number of classified students, Montville was found to be within State averages and compared favorably with neighboring districts. The district is also in line with State guidelines for speech services with a ratio of 3.2 specialists per classified speech student as compared with 3.3 for the State.

Recommendations:

- Return eight out-of-district special education students to in-district classes.**
Savings: \$13,641 plus transportation for each out-of-district special education student brought back into the district.
 - Average cost for out of district SE students** **\$23,520**
 - Less: Average cost for in district SE students** **(9,879)**
 - Total savings for each brought back special education student** **13,641**
 - Suggested savings: 8 @ \$13,641** **\$109,128**

- **.Increase the number of tuition paying from other districts.**
Savings (See Table __ for calculation) \$42,169
- 1. Combine the three PI classes at Valley View into two classes. State regulations permit a four year age span in special classes. The total enrollment of 19 student would create classes of ten and nine where a total of 24 is permissible. This would reduce one teacher and free up one needed instructional space.**
Savings \$40,000
- 2. The child study team should take greater care in writing individual educational pans (IEPs) where a special aid is assigned to individual students. There are four assigned to perceptually impaired students, a generally “soft sign” classification where individual aides are a rarity.**
Total savings \$141,297

DRIVER EDUCATION

Driver education is provided at Montville Township High School as part of the health curriculum. The program provides classroom instruction, driver simulation film instruction and behind-the-wheel instruction. Under this program, a full time and one part time (three-fifth) certified instructor taught driver education to over 190 students in grade ten for the 94-95 school year. This driver course is consisted six hours of practice driving including twelve hours of simulation and thirty hours of classroom instruction. After passing the written exam with 30 hours of classroom instruction, student can be eligible for behind-the-wheel training. After completing behind-the-wheel training, students may take the road test to receive their drivers license at their own expense.

The district has eight simulators which were brought in 1972 and a car bought in 1991 for the behind-the-wheel class. All expenditures were budgeted for the school year under this program. In 94-95 and 95-96, the school budgeted amounts for this program were \$101,220 and \$103,714. For the coming year, 96-97, the budget was scaled down by \$13,000 from \$124,541, an amount to purchase a new vehicle. In order to keep the behind-the-wheel training operating, the district will charge students for behind-the-wheel instruction. The cost per pupil is \$225.

A review of N.J.S.A. 18A:35-7 and N.J.A.C. 6:8-7.1 reveals that driver education is not a required course for high school graduation. Credit is given for driver education for classroom and simulation instruction. Behind-the-wheel, although beneficial, is considered to be a duplication of simulation instruction. The team strongly supports the idea to get reimbursement from the students for behind-the-wheel instruction,. The team also recommends that the district lease a car for behind-the-wheel instruction. The costs for leasing a car should be shared among those students who are taking behind-the-wheel instruction. The team recognizes that the reimbursement of \$225 per pupil for behind-the-wheel may not be enough to cover all the costs. The team suggests that the district could charge \$ 250 per pupil (see calculation below). The team also realizes that the cost may be changed depending upon the enrollment.

Recommendation:

Since driver education is not a required course, it is the team's recommendation that the district should consider getting a full reimbursement for the costs incurred in the behind-the-wheel instruction or eliminate the behind-the-wheel instruction and continue with just the simulator driver education instruction.

Teacher's salaries reimbursed by student for behind-the-wheel	\$39,000
Insurance and maintenance for vehicle	4,000
Leasing a car costs	<u>7,000</u>
Total savings or suggested reimbursement	\$50,000

Total cost/number enrolled for behind-the-wheel = $\$50,000/200 = \250

An option to this proposal would be to eliminate the behind the wheel program altogether making this portion the responsibility of the students and their parents.

Total savings \$50,000.

GUIDANCE

A district's educational program's success is based upon sound instruction, a comprehensive and current curriculum and a system of support services geared towards meeting students' needs. An integral element of the support system is the guidance program.

The district's director of guidance outlined a number of activities the guidance counselors at the secondary level were involved in throughout the school year. A review of several guidance activity reports highlighted the need for an integrated computer program and system to reduce the paperwork load of the counselors and, at the same time, have relevant student data readily accessible to both the department and school administration when needed. The system would improve the basic flow of student information between the middle and high schools as well.

An analysis of the guidance program staffing indicated the district has four counselors plus a director and two secretaries at the high school. The middle school has three counselors with no secretarial support. School enrollments as of June, 1996 were 840 students at the high school and 617 at the middle school.

The American School Counselor Association in The School Counselor and Comprehensive Counseling (Adopted 1988; revised 1993) states, "A counselor / student ratio of 1:100 (ideal) to 1:300 is recommended in order to implement a comprehensive developmental school counseling program designed to meet the developmental needs of all students. The American Association for Counseling and Development recommends 1:400 for elementary, 1:393 for middle schools and 1:375 for high schools.

The New Jersey Department of Education's Comprehensive Plan for Educational Improvement and Financing recommends one counselor for every 225 students in high schools, one for every 337.5 students in middle schools and one for approximately 500 students in elementary schools.

Based upon the new Department of Education guidelines, the district should eliminate one counselor in the middle school and, since there is a director at the high school who could function partially as a counselor, one-half position could be deleted from the high school. In addition, one of the two high school guidance secretaries should be moved to the middle school to provide assistance where there is none. This reduction and shift of personnel would result in a savings of approximately \$79,000.

Since there are no counselors in the elementary schools, an option might be to reassign one counselor to the elementary schools. This counselor could assist the elementary principals and child study team with student needs and potential problems.

Savings \$25,000 to \$79,000

SCHOOL MEDIA PROGRAM

The district employs five media specialists and six media aides to provide their library media program. The specialists are assigned with one each at the high and middle schools and three district wide to provide instructional and media services to the elementary schools. There are two aides assigned to the high school, one to Lazar Middle School, and one each to Woodmont, Mason and Valley View elementary schools. Hilldale and Cedar Hill schools do not have salaried aides assigned to them.

Many school districts across New Jersey utilize community or parent volunteers to assist in their school libraries, particularly in the elementary schools. Many secondary schools utilize the assistance of students in their media centers. Montville schools stress and take pride in volunteerism and community service with their students and welcome community involvement in their school programs.

The LGBR recommends this practice be extended to the school media programs, the elimination of the elementary media aides and the reduction of one high school media aide.

Savings would equal approximately \$83,600.

EXTRA CURRICULAR ACTIVITIES

Cognizant that school districts have a inherent responsibility to educate the whole child and to assess and meet his/her respective educational and related needs, it would appear that the Montville Township Schools is very generous in the amount and diversity of its offerings.

The Montville Township High School has an extensive range of extra curricular opportunities for its students. The 1995-96 Activities Handbook lists more than 20 interscholastic sports teams, a student government council, freshman through senior class organizations and more than 30 other activities and clubs for student participation. At the July, 1996 board of education meeting, stipends were approved for the high school of \$72,160 and the middle school for \$19,095 for supervisors for school activities. Additionally, there was an expenditure for coaches salaries in excess of \$234,000. These salaries were in accord with the negotiated coaches salary guide for 1996 to 1998.

A comparative review of Montville's coaches salary schedule with available Morris County data indicates that although starting salaries may differ, the inclusion of longevity step increases result in a leveling off.

On a cost per student basis, the salary stipend actions by the board for the high school computes to approximately \$365 per pupil for extra curricular activities. This is for stipends only and does not include administrative costs (athletic director and principal's office) and other expenses inherent to extra curricular and sports teams activities. These would include supplies, equipment, uniforms, transportation, field trips, game officials, and the like.

The State Department of Education's model suggests a total per pupil cost for extra curricular activities of \$434 per pupil. A district study of their total expenses for extra activities for students will reveal costs in excess of this amount.

Recommendations:

The district should under go a complete study of the extra curricular and athletic program offerings in the district reviewing number of student participants in each activity and all direct and related costs of each to run them. The district should review the number of coaches and assistants of each sports team to determine whether each team requires those assigned. A reduction of nine assistant coaches in various sports with multiple assistants, for example, would result in a savings of \$33,100. Those suggested include one each from football, boys soccer, field hockey, baseball, boys lacrosse, girls lacrosse, softball, boys basketball and girls basketball.

Savings \$33,000

SHARED SERVICES WITH THE TOWNSHIP

Both the board of education and the Township of Montville should be commended for their efforts to keep down the costs of service delivery to the residents of Montville through cooperative efforts. Both entities realize that there are significant cost savings that can be achieved through cooperation. Presently, there are numerous cooperative efforts between the two entities.

- **Purchasing of Fuel:** The board of education gets its gasoline for vehicles and equipment from the township's fuel facility, saving money on not having to build and maintain another fuel facility and getting better prices per gallon of gasoline due to the increase of gasoline being purchased by the township.
- **Salt and Sand for Snow Purposes:** The township gives salt and sand to the board of education, free of charge, during snow storms, to ensure proper driving conditions in the school parking lots.
- **Sharing of Equipment:** The board of education and the township share equipment with each other, because they realize that certain pieces of equipment are not needed by both entities all of the time and can be better utilized through sharing. Examples of equipment that is shared between the two entities include back hoes, wood chippers, aerators, seeders, etc.
- **Summer Playground Program:** The board of education allows the township to use its school facilities, free of charge, in the summer to run its playground program. This program is designed to provide school age children with "something to do" during the summer and keep them in touch with other school age children. The playground program is a five week program consisting of games, arts and crafts, sports, and weekly trips. The program also is of benefit to the community, in that it offers summer employment to area high school and college aged students.
- **Community Recreation:** The district provides use of its gyms and other facilities to the community recreation program at no charge and picks up the costs of custodial overtime pay. Example: Men's basketball program cost the district \$6,000 in custodial fees last season. In exchange, the schools use the township athletic fields for instructional and practice facilities at no cost.

Besides the reason of cost savings, the board of education and the township also work together to provide services that are seen to benefit the community. These joint services were seen especially directed at the youth.

- **Project Graduation:** The township covers the costs of providing this program to the graduating seniors of the high school. This program is designed to keep graduates from drinking and driving on graduation night by providing an alcohol free event for the entire senior class to attend.
- **Student Advisory Committee on Substance Abuse:** This program is provided by the Youth Services Department of the township. This program addresses the educational and recreational needs of the youth and promotes youth participation in the program.
- **Crisis Counseling:** In times of tragedy or other need, the Youth Services Department will provide the schools with any counseling or support that is needed.
- **Project SAVE (Substance Abuse Vital for Eradication):** The Youth Services Department provides this program to the township's students. This program addresses the substance abuse issues that are facing the students.

The township and the board of education have also looked into doing some joint purchasing of supplies, but found that there would not be any significant cost savings, due to the different types of supplies that are needed by each. For example, the township does not need to purchase much in the way of custodial type supplies and the board of education does not need to purchase much in the way of road patching or vehicle repair supplies. **However, they should address those items both bodies purchase that are commonly used.**

Another interesting cooperative event is that the township manager teaches a unit of study in the high school on municipal government. This program may be expanded to use the interdistrict television so that students in other districts can take advantage of this “first hand experience” adjunct teaching.

Although there is substantial cooperation between the township and the board of education already, there seem to be some other possibilities. While there is substantial cooperation concerning the purchase of supplies and providing certain programs, there is not really much cooperation concerning work efforts. If any work efforts were combined between the two entities, there could be some cost savings and increased work efficiencies. Some possible areas for increased cooperation include vehicle and equipment repair, snow plowing, and maintenance work. There also exists another possibility for an increase in joint purchasing.

- **Vehicle and Equipment Repair:** Presently, the maintenance personnel at the board of education are doing minor repair work to their vehicles and equipment. There are seven vehicles and other various pieces of equipment. Any major problems, such as clutch and transmission work or things that are not within the maintenance personnel's capabilities, will be sent out to local vendors for repair. The township, on the other hand, has 66 vehicles and other various pieces of equipment. All of these items are maintained by two mechanics in the Department of Public Works. The department is in the process of hiring another mechanic to assist with the workload. With the addition of another mechanic, there should be no reason to suggest that the township's repair personnel could not maintain the board of education's vehicles and equipment. **It is recommended that an agreement be formed between the two entities to have the township do all of the repair work to the board of education's vehicles and equipment.** In this arrangement, however, the board of education should be responsible for paying the costs associated with any repair parts that are needed on their vehicles and equipment and possibly giving a part of the associated savings of not sending repairs to an outside repair facility to the township, to help pay for a part of a mechanic's salary. The board of education has a hesitation to this idea, in that they do not have many excess vehicles or equipment. As a result, they are not sure that the township can repair their vehicles as fast as they are presently. This situation could be rectified by putting a clause in the agreement that the board of education's vehicles and equipment must be repaired within a certain time period or that the township would lend a vehicle or piece of equipment to the board of education.

- **Snow Plowing:** The board of education's maintenance personnel are required to do the snow plowing of the school parking lots. The township gives the board of education salt and sand to put down on the parking lots. The township's public works personnel should be able to do the snow plowing of the school parking lots in addition to its normal plowing without putting any substantial burden on the department. **It is recommended that an agreement be formed between the two entities to have the township be responsible for the plowing of the school parking lots.** In this arrangement, the board of education personnel should still be required to do the clearing off of sidewalks, entrance ways, etc. If this were to take place, it would reduce the costs associated with the board of education having to purchase and maintain snow plowing equipment.
- **Maintenance:** If the both entities were to agree with the previous shared services recommendations, the board of education could return some services to the township by taking over the maintenance duties, not including custodial, needed at the township's facilities. Presently, it is estimated by township personnel that less than 1/5 of a person's time is spent doing maintenance work on township facilities. As this is the case, the board of education's maintenance and/or custodial personnel should be able to take over the maintenance duties of the township's facilities, due mainly to the workload decrease of not doing any vehicle and equipment repair. **It is recommended that an agreement be formed between the two entities to have the board of education be responsible for the maintenance duties of the township's facilities.** Similar to the vehicle repair recommendation, the township should be responsible for any supplies needed for maintenance work.
- **Grounds Maintenance:** Board of education maintenance personnel are responsible for cutting all of the grass areas within the 150 acres of school owned property. Township parks and grounds personnel are responsible for the grass cutting around township facilities, township parks and playgrounds, and municipal right-of-ways. This grass cutting duty is just a part of each of the department's workload. **It is recommended that the board of education and the Township of Montville discuss whether economies of scale or cost savings could be derived by creating one grass cutting function for all publicly owned property.** If this happens or not, there is great potential for purchasing and sharing equipment. If both entities were to agree to jointly purchase equipment, there would be the possibility of getting upgraded equipment with greater grass cutting capabilities. When equipment is purchased, a schedule could be put into effect showing when each entity would be able to use the equipment. If upgraded equipment were purchased, less time would have to be spent on grass cutting and there could be workload shifts to areas of need or possible staffing reductions. Also, there would be a reduction in the amount of equipment that would be need to be purchased and maintained. **It is recommended that an agreement be formed between the two entities to create a joint purchase of grass cutting equipment. Also, it is recommended that consideration be given to merging staff for this function as well as merging equipment.**

As a result of any cooperative effort, there will probably be some monetary savings to the taxpayer, but there will also be increased work efficiencies, due to people doing more

work of the same type and less change of duty throughout the day. The board of education and the Township of Montville should be commended for the cooperative efforts that are already in place, but this should not preempt the entities from continually looking for new opportunities to add to their cooperative efforts.

Savings undetermined

REGIONALIZATION

Opportunities for other shared services should not be overlooked. The district does take advantage of opportunities as reflected in the relationships with the municipal government and with joint purchasing through the educational services cooperative. Other regionalized and shared service opportunities may be available in working with one or more of the surrounding school districts.

Inquiries were made in December, 1994 from two neighboring districts regarding the feasibility of a study to explore the topics of regionalization, sending / receiving tuition relationships and consolidation of services.

It is the recommendation of the LGBR that all opportunities to increase efficiencies and/or reduce costs be explored.

PRIVATIZATION

The Budget Impact Committee explored the possibility of privatizing some of the district's services as one of its initiatives. Some five employee group areas were considered which included secretaries, custodial and maintenance workers, nurses, speech and child study teams. A presentation of their study at a board meeting in February brought out several hundred concerned citizens and employees with reportedly the vast majority opposed to privatizing. The committee's plans included recommendations that they claimed would save approximately \$400,000. The district has privatized their food service program and transportation for a number of years.

We support the concept of competitive contracting whereby equal or better services with lower costs result. There are sections in this report where reductions in staff or more efficient costs could result from privatizing. It may be prudent for employees of the above groups to assist the board in finding ways to cut costs within their units and through negotiations.

In areas explored by the committee, employee groups such as school nurses, speech correctionists and child study team members are mandated, require appropriate certification and "must be employees of the district". Since MCESCOM is a recognized school district by their charter and code and since Montville Township Board of Education is a member of the constituent group that governs MCESCOM, those contracted service employees by the service commission may be indirectly considered as employees of the district.

MISCELLANEOUS FINDINGS AND RECOMMENDATION

In its observations and discussions with school community persons, various other areas of potential savings were identified. Some of those follow.

Copying machines Concerns were voiced regarding copier costs throughout the district. These centered on the requirement that each school handle machine purchase, repair, service and supplies independently, the high volume of use (Lazar, for example ran over one million copies last year), cost (the high school costs were \$58,000), drain on paper supplies (schools ran out before the end of the year) and lack of control (there is no accountability).

The bid and purchase of copiers and service contracts should be a central office function. One supplier and service contract would save considerable dollars. Large volume runs such as handbooks and curriculum guides should also be centralized. All machines should be equipped with individual employee pass code devices so that individuals can be held accountable and possible abuses be eliminated.

The district should also reemphasize recycling of mixed paper.

Small item purchases The district should identify certain small items that could be purchased for less and more timely if done locally. For example, chemistry supplies such as vinegar, bleach, ammonia, detergents, etc. Can be purchased for less, in smaller volumes and as needed through a properly regulated petty cash fund at considerable savings.

Budget cut-off date Concern was expressed regarding an early in the school term cut-off date established by the business office for local school purchases. Prudent planning, purchasing only what is needed and purchasing at time of need would result in less waste. Principals must guesstimate supply and material needs early in the year for year end activities and make purchases accordingly or possibly lose funds due to purchase cut-off dates set early to mid school year.

Another example shared with the review team is that the biology department cannot get live specimens for study after the cut-off date has been established.

Field trips Field trips funded by the board should be limited to one per class in the elementary grades. The high school is commended for establishing a field trip restriction policy requiring student contribution to many trips made by students.

Staff out of district professional days The administration appears to be too liberal in permitting frequent and costly professional day experiences for the professional staff. This should be prioritized and justified relative to the direct value to the district and students.

Educational foundation It was proposed that in addition to the credit card initiative that the district establish a charitable foundation where people could donate to a foundation established to provide for special and specific project needs such as the credit card does for technology.

Parent demands The board and administration should govern on what is best for the district and not yield to individual parent requests and demands such as individual bus stops, selection of a child's teacher, placement in programs such as speech when not truly needed and so forth. Many of these are costly or, at worst, inconvenient and not serving the district well.

Trainer The district employs a full time athletic trainer without instructional responsibilities. This position should be reduced to a part time position on an as needed basis.

Savings undetermined

III. STATUTORY AND REGULATORY REFORM

This third and final section of the review document, Statutory and Regulatory Reform, attempts to identify those areas where existing State regulations or statutory mandates appear to have an adverse effect on efficient and cost effective local operations. It is common for local officials to blame high costs and increased taxes on “State mandates”. Each review team is charged with identifying those areas in the regulations and to report those brought to the attention of the team by local officials that have this negative impact. The findings summarized below will be reviewed by the appropriate state agency for the purpose of initiating constructive change at the State level.

RIGHT TO KNOW

State regulation requires school districts to provide extensive right to know training regarding hazardous materials they may come into contact with in the course of their work. All new hires, custodial staff, nurses, certain teachers such as the sciences and art and others are required to participate in training annually. Others are required to do so periodically. The district reports that the repetition of this training to many of the same individuals is time consuming and costly. Consultants are often employed as presenters. Teachers must be released from class requiring the employment of substitutes or use valuable other contractual time when valued professional growth could be taking place.

It is recommended that code requirements be amended to avoid repetition of staff member training and to make this provision less intrusive upon school districts.

PHYSICAL EDUCATION MANDATE

Title 18:A 35-5 mandates a 150 minutes per week requirement for health and physical education instruction. Montville High School indicated this is very difficult to schedule in their highly academic program, particularly where there is block scheduling and interdisciplinary instruction. It is recommended that relief, waiver or reduction of this requirement be provided to assist schools with this difficulty.

EDUCATIONAL STANDARDS FOR BASIC SKILLS

The Montville School District administration state that educational standards (minimum test scores) are set too low in communities with a high academic achieving student population. Students who score in normal average ranges on standardized tests often cannot compete in high achieving districts and often meet with frustration and failure. Schools cannot provide assistance in funded programs because the State cut-off standards for participation in basic skills programs are too low.

It is recommended that flexibility of state minimum standards to include alternate assessments and teacher recommendations be provided to address local district

achievement levels. This would permit higher functioning students than those at State minimum test levels to receive funded instructional services in order for them to compete academically within their districts.

REQUIREMENT OF BLACK SEAL LICENSED EMPLOYEE WHEN BUILDINGS ARE OCCUPIED

Current New Jersey Labor Department code and law (N.J.S.A. 34: 7-1, Title 12, Department of Labor A.C. 12: 90-3.2) requires that when a building is occupied an employee with a Black Seal boiler license be present. This standard is required regardless of number of people, day of week or time of day. Situations where a few participants in an activity in a gymnasium with direct egress outside such as an adult recreation basketball program on a Saturday morning should not require such an employee to be present when pay rates are often at over time levels. Users in this type situation are not in danger and could be responsible for building security and personal liability. It is recommended that a clearer definition of occupancy be included in the code to permit reasonableness without compromising safety.

MANDATED NJSBA DUES

All boards of education are mandated (N.J.S.A. 18A: 6-45) to be members of the New Jersey School Boards Association (NJSBA). NJSBA determines its own dues structure through a complicated formula. Membership is required regardless of the services utilized by the districts. The Montville Township School District paid \$23,427 for NJSBA membership in 1995-96.

The LGBR recognizes the value of the school boards association and the good it does on behalf of the board members and students of New Jersey. Recognition is given for the many indirect services and lobbying efforts on behalf of education. The LGBR does recommend a change in the mandated dues structure and suggests a minimum dues requirement that is more palatable to the public and affordable to the districts and which does not take as great an amount from costs of educating children. It is suggested that a “menu” of services be offered for which boards of education pay for direct services utilized.

BUSING LIMITS

The issue of providing courtesy busing was a major one in Montville Township as the subject of having a \$525,000 CAP waiver in its recent budget election. Concern was expressed regarding the affordability of continuing this practice and with State law regarding busing distance limits.

The LGBR supports the recent flexibility regarding courtesy busing on a paid subscription basis where the user pays when residing within the mileage limits. However more is

needed in the way of flexibility in districts where terrain, narrow roads, lack of sidewalks and other conditions exist that make walking to school unsafe beyond the status of the local community declaring hazardous conditions.

The law that requires the State to pay for busing elementary children who live more than two miles from school and high school students who live more than 2.5 miles dates back to the 1920s. The law should be reviewed to reflect the realities of traffic and roadway conditions today.

PAYMENT OF STATE AID AND LOCAL SCHOOL MONEYS SCHEDULES

Montville Township school officials expressed concern that state aid payments are often not wire transferred on schedule and when transferred, districts are not promptly notified. The result of not knowing when moneys are deposited causes lost time in investment opportunities and lost interest in investment revenue. A timely notification schedule needs to be established to prevent this lost revenue opportunity.

Also, communities often do not provide districts with their local tax revenue in a timely manner. School officials stated this too causes lost earnings opportunities to the school districts. The payment schedule by the municipality as outlined in Title 54:4-75 provides that the first payment by the municipality of 20% be made within 40 days after the beginning of the school year. This makes it difficult to meet the first payroll of the new year which occurs within two weeks of beginning of the school year, particularly under the GAAP accounting procedures. The first payment should be made **at** the start of the school fiscal year (July 1) so that districts have operating capital as the new year begins.

LOCAL GOVERNMENT BUDGET REVIEW

Brian W. Clymer, State Treasurer
Louis C. Goetting, IV, Assistant State Treasurer

Dr. Leo Klagholz, Commissioner, Department of Education
Dr. Richard DiPatri, Deputy Commissioner, Department of Education
Dr. Peter G. Contini, Assistant Commissioner, Department of Education
Michael Azzara, Director, Office of Finance, Department of Education
Thomas King, Director, Office of Compliance, Department of Education

REVIEW TEAM

Dr. Wayne A. Cochrane, Team Leader
Department of Treasury
Local Government Budget Review

Matthew Dekok, Local Government Budget Review
Gilbert H. Francis, Department of Education
Anita Lai, Department of Education
Eugene McCarthy, Local Government Budget Review